



PIONEER GROUP

Date : 21<sup>st</sup> July, 2015  
Ref. : BSE/18/2015-2016

To,  
Dept. of Corporate Services  
BSE Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

Code: 514300

Dear Sir,

**FORM A**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the company	PIONEER EMBROIDERIES LIMITED
2.	Annual financial statements for the quarter Ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Un-qualified/Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	To be signed by-	Affix Rubber Stamp of each authority
	<ul style="list-style-type: none"><li>• CEO/Managing Director</li></ul>	For PIONEER EMBROIDERIES LIMITED  MANAGING DIRECTOR
	<ul style="list-style-type: none"><li>• CFO</li></ul>	For PIONEER EMBROIDERIES LIMITED  CHIEF FINANCIAL OFFICER

**PIONEER EMBROIDERIES LIMITED**

.... a stitch ahead of time

Corp. Off.: Unit No 21 to 25, 2nd Floor Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai - 400062  
Tel.: 022-4223 2323 • Fax : 022-4223 2313 • E-mail : mumbai@pelhakoba.com • Website : www.pelhakoba.com  
Regd. Off.: 101-B, Abhishek Premises, Plot No. C 5-6, Dalia Industrial Estate, Off New Link Rd., Andheri (W), Mumbai - 400 058.  
CIN No : L17291MH1991PLC063752



**hakoba**



PIONEER GROUP

	<ul style="list-style-type: none"><li>Auditor of the company</li></ul>	<p><b>For M B A H &amp; CO</b> <b>Chartered Accountants</b></p> <p><i>[Signature]</i> <b>Mahesh Bhageria</b> Partner M. No. 034499</p>
	<ul style="list-style-type: none"><li>Audit Committee Chairman</li></ul>	<p><b>For PIONEER EMBROIDERIES LIMITED</b></p> <p><i>[Signature]</i> <b>AUDIT COMMITTEE CHAIRMAN</b></p>

Please find herewith six copies of Annual Report for the year ended 31<sup>st</sup> March, 2015.

For PIONEER EMBROIDERIES LIMITED

*[Signature]*

DIRECTOR  
ENCL: - As Above





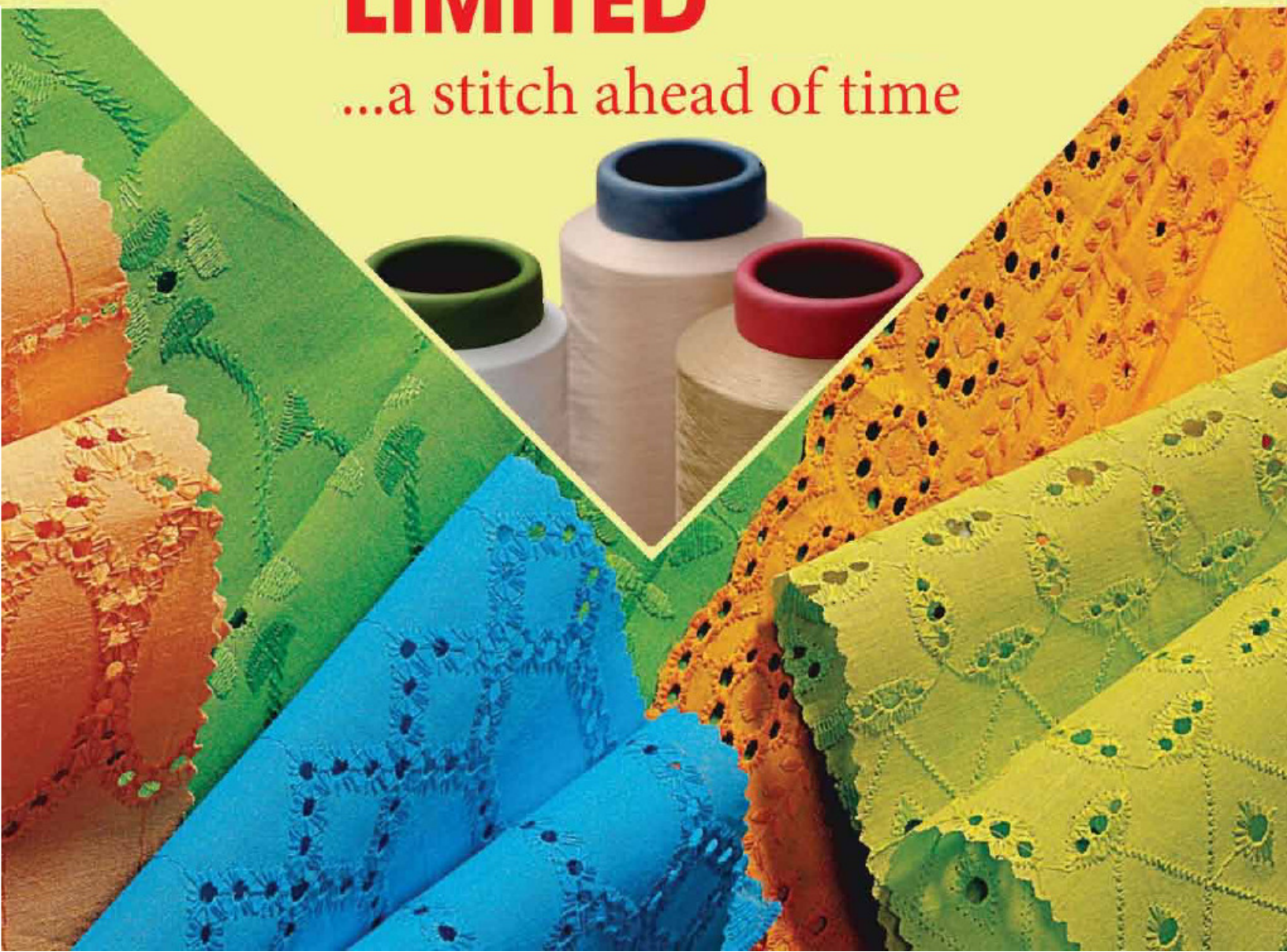


PIONEER GROUP

**23<sup>RD</sup> ANNUAL REPORT 2015**

# **PIONEER EMBROIDERIES LIMITED**

...a stitch ahead of time







## BOARD OF DIRECTORS AND OTHER INFORMATION

### BOARD OF DIRECTORS

RAJ KUMAR SEKHANI (DIN:00102843)	Chairman
HARSH VARDHAN BASSI (DIN:00102941)	Managing Director
JOGINDER KUMAR BAWEJA (DIN:01660198)	Independent Director
GOPALKRISHNAN SIVARAMAN (DIN:00457873)	Independent Director
RAMESHCHANDRA POKHRIYAL (DIN:06919521)	Independent Director
JYOTI NIRANJAN LEDWANI (DIN:07139094)	Independent Director

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#### BANKERS

UNION BANK OF INDIA  
STATE BANK OF INDIA

#### CFO

SHRIPRAKASH JAIN

#### COMPANY SECRETARY

BHARTI S GANDHI

#### COMPLIANCE OFFICER

UDAY NEMLEKAR

#### STATUTORY AUDITORS

M B A H & CO  
Chartered Accountants

#### Works

Embroidery & Bobbin Lace (ELD) :

- SARIGAM : 1637,1639, G.I.D.C. Sarigam, Dist. Valsad, Gujarat - 396 155
- NAROLI : Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Silvassa, (U.T.)-396 203
- COIMBATORE : Mettupalaym Road, Chinnamaddampalayam, Billichchi Post, Coimbatore - 641 019
- THANE : Unit No.-1.Vimal House, Dhanji Udyog Nagar, Pankar Pada, Mira Road, Dist. Thane - 401 107

Process House : 1638, G.I.D.C., Sarigam, Dist. Valsad, Gujarat -396 155

Dope Dyed Polyester Yarn (DDPY) : Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh -173 030

#### Offices

- Registered Office : Unit No. 101B, 1st Floor, Abishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058
- Corporate Office : Unit No.21 to 25, 2nd Floor, Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai - 400 062
- Chennai Office : 29 & 30, 3RD Floor, Kumbhat Complex, Rattan Bazar, Chennai - 600 003
- Delhi Office : 4986, 1st & 2nd Floor, Baratooti Chowk, Sadar Bazar, Delhi - 110 006
- Delhi Yarn Office (DDPY) : 807 & 808, ITL Twin Towers, Plot No. B-09, Netaji Subhash Place, Pitampura, New Delhi - 110 034
- NCR Office : Plot No. 583, Udyog Vihar, Phase 5, Gurgaon, Haryana - 122 016
- Kolkata Office : 14/2, Room No. 135, 2nd Floor, Old China Bazar Street, Kolkata - 700 001
- Bangaluru Office : 872, OTL Main Road, Nagrathpet, 1st Floor, Rajatha Hotel Building, Bangaluru -560 002
- Surat Office : Kiran Compound, Near A P Market, Udhna, Surat - 394 210
- Mumbai Sales Office : Godown No.1, Rajada Chawl No.2/4, Old Hanuman 2nd Cross Road, Kalbadevi, Mumbai - 400 002

Telephone No. : 91-22- 42232323

Fax No. : 91-22- 42232313

Website : www.pelhakoba.com

E-mail Address : mumbai@pelhakoba.com

CIN : L17291MH1991PLC063752

Listing : BSE Limited and National Stock Exchange of India Ltd.

ISIN for Dematerialisation : INE156C01018

Share Transfer Agent : LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078

## NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Shareholders of PIONEER EMBROIDERIES LIMITED will be held on Tuesday, the 21<sup>st</sup> July, 2015 at The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai- 400064 at 9.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2015 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Harsh Vardhan Bassi (DIN 00102941) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. MBAH & CO (ICAI Regn. No. 121426W), Chartered Accountants as Statutory Auditors and to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of section 139 to 142 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. MBAH & CO (ICAI Regn. No. 121426W), be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of 26th Annual General Meeting of the Company i.e. for a period of 3 years, on such remuneration as may be agreed upon by the Board of Directors and the Auditors."

### SPECIAL BUSINESS

4. To appoint Mr. Rameshchandra Gunanand Pokhriyal (DIN: 06919521) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rameshchandra Gunanand Pokhriyal (DIN: 06919521), who was appointed as an Additional Director on 5<sup>th</sup> August, 2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and a notice in writing has been received by the Company from a member, proposing his candidature for the office of Director under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2020."

5. To appoint Ms. Jyoti Niranjana Ledwani (DIN: 07139094) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Jyoti Niranjana Ledwani (DIN: 07139094), who was appointed as an Additional Director on 26<sup>th</sup> March, 2015 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and a notice in writing has been received by the Company from a member, proposing his candidature for the office of Director under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2020."

6. To approve the appointment and payment of remuneration of the Cost Auditors for the financial year ending March 31, 2016 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Vipul Bhardwaj & Co., Cost Accountants, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company be paid a remuneration, for the Financial Year ending March 31, 2016, amounting to ₹50,000 plus service tax as applicable and re-imbursment of out of pocket expenses incurred by them in connection with the aforesaid audit."

By order of the Board of Directors  
For PIONEER EMBROIDERIES LIMITED

Harsh Vardhan Bassi  
Managing Director  
DIN: 00102941

Place : Mumbai  
Date : May 21, 2015

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.



2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 wherever applicable is attached and forms part of this Notice.
4. Members are requested to affix their signature at the place provided on the Attendance Slip and hand over the slip at the entrance to the place of meeting for attending the Meeting.
5. Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their Representative to attend and vote at the Meeting on their behalf.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report to the Meeting.
7. The Register of Members and Share Transfer Register of the Company will remain closed from 17<sup>th</sup> July, 2015 to 21<sup>st</sup> July, 2015 (both days inclusive).
8. In terms of the Notification issued by Securities and Exchange Board of India (SEBI), the Equity Shares of the Company are compulsorily traded in Electronic mode. Shareholders are requested to avail this facility and get their shareholding converted into Dematerialised form by sending the Dematerialisation Request Form (DRF) alongwith the Share Certificates through their Depository Participant (DP) to the Company's Registrar & Transfer Agent.
9. Members wishing to claim Dividends of the previous years, which remain unclaimed, are requested to correspond with Mr. Uday Nemlekar Compliance Officer, at the Company's Registered Office. Members are requested to note that as per section 125(2)(a) of the Companies Act, 2013, Dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, be transferred to the Investor Education and Protection Fund.
10. Since financial year ending on March 31, 2008, the Company has not declared any Dividend and there is/are no unclaimed Dividend outstanding with the Company as on date.
11. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
12. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready
13. The Ministry of Corporate Affairs ("MCA", Government of India, through its Circular No.17/2011 dated 21<sup>st</sup> April, 2011 and Circular No.18/2011 dated 29<sup>th</sup> April, 2011 has allowed companies to send Annual Report comprising of Balance sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and circulars issued by MCA, we propose to send future communication in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communications through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.  
  
Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, e-mail id) on the Company's e-mail address viz. [mumbai@pelhakoba.com](mailto:mumbai@pelhakoba.com). Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.
14. The members are requested to:
  - a) Intimate changes, if any, in their Registered address to the Registrar and Transfer Agents of the Company M/s. Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai- 400078.
  - b) Quote Ledger Folio/Client Id/DP ID numbers in all their correspondence.
15. The instructions for shareholders voting electronically are as under:
  - (i) The voting period begins on 17<sup>th</sup> July, 2015 (9.30 a.m. IST) and ends on 20<sup>th</sup> July, 2015 (5.00 p.m. IST) During this period shareholders' of the Company, holding shares whether in physical form or in dematerialized form, as on the cut-off date 14<sup>th</sup> July, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 20<sup>th</sup> July, 2015.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.



- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT**  
**(Pursuant to Section 102 of the Companies Act, 2013)**

That following explanatory statement sets out the material facts referring to Item No. 4 to 6 of the Notice.

**ITEM NO. 4**

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company had appointed Mr. Rameshchandra Gunanand Pokhriyal as an Additional Director of the Company with effect from August 5, 2014. In terms of the provisions of Section 161(1) of the Act, Mr. Pokhriyal would hold office up to the date of the ensuing Annual General Meeting.

Mr. Pokhriyal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a notice in writing from a member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Mr. Pokhriyal for the office of Director of the Company.

Section 149 of the Act *inter alia* stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Pokhriyal that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Mr. Pokhriyal possesses appropriate skills, experience and knowledge; *inter alia*, in the field of finance. In the opinion of the Board, Mr. Pokhriyal also fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

In view his vast expertise and knowledge, the appointment of Mr. Pokhriyal as an Independent Director will be in the interest of the Company.

Brief resume of Mr. Rameshchandra Gunanand Pokhriyal, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter of appointment of Mr. Pokhriyal as an Independent Director setting out the terms and conditions is available for inspection by the members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mr. Pokhriyal none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

**ITEM NO. 5**

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company had appointed Ms. Jyoti Niranjana Ledwani as an Additional Director of the Company with effect from March 26, 2015. In terms of the provisions of Section 161(1) of the Act, Ms. Ledwani would hold office up to the date of the ensuing Annual General Meeting.

Ms. Ledwani is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The Company has received a notice in writing from a member alongwith the deposit of the requisite amount under Section 160 of the Act proposing the candidature of Ms. Ledwani for the office of Director of the Company.

Section 149 of the Act *inter alia* stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Ms. Ledwani that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Ms. Ledwani possesses appropriate skills, experience and knowledge; *inter alia*, in the field of finance. In the opinion of the Board, Ms. Ledwani also fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

In view his vast expertise and knowledge, the appointment of Ms. Ledwani as an Independent Director will be in the interest of the Company.

Brief resume of Ms. Ledwani, nature of her expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the



## PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter of appointment of Ms. Ledwani as an Independent Director setting out the terms and conditions is available for inspection by the members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Ms. Ledwani none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

### ITEM NO. 6

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s. Vipul Bhardwaj & Co., Cost Accountants, to conduct the audit of the Cost records of the Company for the financial year ending March 31, 2016.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2016, as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors or Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

By order of the Board of Directors  
For PIONEER EMBROIDERIES LIMITED

Harsh Vardhan Bassi  
Managing Director  
DIN: 00102941

Place : Mumbai  
Date : May 21, 2015



**DIRECTOR'S REPORT**

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED

Your Directors present the Twenty Third Annual Report of your Company on the business and operations for the year ended 31st March, 2015.

**FINANCIAL HIGHLIGHTS:**

(₹ in lacs)

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Turnover - Domestic	22,652.74	23,205.18
- Export	4,501.79	4,116.65
<b>Total</b>	<b>27,154.53</b>	<b>27,321.83</b>
Profit /(Loss) before Other Income, Financial Charges, Depreciation, Exceptional Items & Tax	2,519.69	1,899.13
Other Income	1,729.03	838.60
Profit /(Loss) before Financial Charges, Depreciation, Exceptional Items & Tax	4,248.72	2,737.73
Financial Charges (net)	1,201.13	1,667.37
Profit /(Loss) before Depreciation, Exceptional Items and Tax	3,047.59	1,070.36
Depreciation	1,730.39	1,098.91
Profit/(Loss) before Exceptional Items & Tax	1,317.20	(28.55)
Exceptional Items	1,105.55	663.30
Tax Expenses	-	-
Net Profit/(Loss)	211.65	(691.85)
Balance of net loss brought forward from previous year	(4,762.34)	(4,070.49)
<b>Balance of Profit/(Loss) carried forward</b>	<b>(4,550.69)</b>	<b>(4,762.34)</b>
<b>Per share data</b>		
Basic Earnings per Share (₹)	1.20	(3.91)
Book Value per Share (₹)	64.42	59.99

**YEAR IN RETROSPECT**

Profit before Other Income, Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹2,519.69 lacs (₹1,899.13 lacs). The net profit for the year is ₹211.65 as against a net loss of ₹691.85 lacs in the previous year. The Company has generated a cash profit of ₹1,318.56 lacs during the year under report (previous year ₹231.76 lacs).

During the year under review, the Dope Dyed Polyester Yarn (DDPY) business reported an increase in EBITDA levels by 24%, despite a marginal fall in turnover. The turnover was ₹20,991 lacs (₹21,495 lacs), essentially owing to a steep fall in price of crude oil. The operating margins has improved as the fall in raw material price was more than that in realisation and share of value added products in sales has also increased. The share of value added items in the turnover has increased from 66% in the previous year to 71% during the year under report. The corresponding numbers in terms of quantity are 60% and 65%. The Operating margins has thus improved to 11.84% from 9.33% in the previous year and EBITDA for the year stood at ₹2,486 lacs (₹1,998 lacs).

The operations of Embroidery and Laces division have shown marginal improvement with turnover at ₹5,875 lacs (₹5,290 lacs) and an EBITDA of ₹680 lacs (₹376 lacs). The operations of Bobbin Lace Unit at Sarigam are yet to stabilize, resulting in a loss of production. Production at Naroli and Coimbatore has shown marginal improvement.

The efforts of your company towards higher production and more efficient operations are expected to bring better benefit all the stake holders. A sustained thrust on higher value addition and high margin products also continues towards this end.

**INDUSTRY OVERVIEW**

The textile industry outlook for 2015 is expected to be flat.

The demand will to be driven mainly from domestic consumption. Exports may not show high growth due to weak economic recovery in global markets with a string of disappointing growth outturns in the Euro Area, Japan, parts of emerging Europe (especially Russia) and Latin America. The recovery in the United States and the United Kingdom had, however, gained momentum during 2014 and China had continued on a path of gradual deceleration. Overall, global growth is expected to rise moderately, to 3.0 percent in 2015 from 2.6% in 2014.

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Thus, the growth from USA and UK markets may offset losses in Euro area and emerging Europe. The growth may, however, come from Latin America.

The Government initiatives to support the industry may also contribute to the growth.

## YEAR IN PROSPECT:

PIONEER continues to offer end-to-end solutions to its DDPY customers in its niche Segment. The focus of the Company remains on inter-fibre replacements in particular. With polyester prices in the present range, there are many opportunities that remain to be tapped. The Company is planning to expand its capacity in order to meet the growing demand of value added yarns in non-apparel segment from the existing set of customers, in particular.

The operations at Embroideries and Laces division are still affected by low speed machines and man-power constraints. The efforts to improve performance within these constraints are continuing and are shown in the incremental improvements. However, any substantial improvement in the performance will require a complete up-gradation and modernization of the facilities.

A review of the performance during the year is given under the section - Management Discussion and Analysis Report.

## Bank Borrowings

As reported in the previous year, the bankers had opted out of CDR in January 2014. The Company has been successful in its efforts to resolve its accounts with the lenders individually, inasmuch as it has arrived at a "One Time Settlement (OTS)" with State Bank of India, a restructuring of its account with Edelweiss Asset Reconstruction Co. Ltd. (assignee EXIM Bank) and a settlement with Kotak Mahindra Bank Ltd. (assignee HDFC Bank Ltd.). Your company has also made full payment to State Bank of Patiala during the year in terms of One time settlement with that bank. Your company is hopeful to resolve its dues to other banks viz. Corporation Bank and SIDBI.

## LISTING

The Equity Shares of the Company are listed with the BSE, NSE, and the Company has paid listing fee for the year to BSE & NSE.

The shares of the Company were earlier listed with Kolkata Stock Exchange and Delhi Stock Exchange also. However, the Company had submitted application for delisting of its shares from these Stock Exchanges in the year 2007 as approved by the shareholders in the Annual General Meeting held on 29<sup>th</sup> December, 2006.

## DIVIDEND

In view of accumulated losses, the Directors do not recommend any dividend for the year.

## SHARE CAPITAL

The paid up equity share Capital of the Company stood at ₹17,69,90,940 comprising 1,76,99,094 equity shares of ₹10/- each as at March 31, 2015.

The Company has since issued 8,50,000 Equity shares of ₹10/- each at a premium of ₹25/- to Edelweiss Asset Reconstruction Company Ltd. Trustee of EARC Trust-SC 23 as approved by shareholders Through a resolution dated 12<sup>th</sup> March, 2015 passed by postal Ballot.

The information about ultimate beneficial owners of the above issue is as follow:-

### A. Edelweiss Asset Reconstruction Company Ltd. Trustee -EARC Trust - SC 23 - The proposed allottee -

Sr. No.	Name of Beneficiary	Constitution	% of interest
1.	Exim Bank	Scheduled Bank	95
2.	Edelweiss Asset Reconstruction Company Ltd. (EARC)	Unlisted Public Ltd. Company	5

### B. List of Shareholders of Edelweiss Asset Reconstruction Company Ltd. (EARC)

Sr. No	Name of the Shareholder	Constitution	% holding
1.	Edelweiss Custodial Services Ltd. (100% subsidiary of Edelweiss Securities Ltd.)	Unlisted Company	50
2.	Reeta Kuhad	Natural Person	14
3.	Alok Tandon	Natural Person	14
4.	Vineet Kashyap	Natural Person	10
5.	Preeta Balia	Natural Person	2
6.	Aakanksha Management Consultancy & Holdings (P) Ltd. (AMCHL)	Unlisted Company	10



**C. List of Shareholders of Edelweiss Securities Limited (ESL)**

Sr. No.	Name of the Shareholder	Constitution	% holding
1	Edelweiss Financial Services Ltd.	Listed Company	100
2	Mr. B. Renganathan	Natural Person	-
3	Mr. Tarun Khurana	Natural Person	-
4	Mr. Dipakkumar K. Shah	Natural Person	-
5	Mr. Vinit Agarwal	Natural Person	-
6	Mr. Ashish Bansal	Natural Person	-
7	Ms. Preeti Chhabria	Natural Person	-

**D. List of Shareholders of Aakanksha Management Consultancy & Holdings (P) Ltd. (AMCHL)**

Sr. No.	Name of the Shareholder	Constitution	% holding
1.	Mr. Srinivasan H R	Natural Person	92
2.	Mrs. Soumithra Srinivasan	Natural Person	8

**SUBSIDIARY COMPANIES**

None of the Subsidiaries of the Company had any activity during the year.

The statement of subsidiaries in Form AOC-1 (pursuant to first provision to sub section (3) of section 129 of the Companies Act, 2013) is provided as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

**CONSOLIDATED ACCOUNTS**

The Consolidated Financial Statements of the Company, prepared in accordance with the applicable accounting standards, form a part of the Annual Report.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance with Auditors Certificate confirming Compliance, is attached and forms a part of the Annual Report.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this report as Annexure - A and forms an integral part of this Report.

**DIRECTORS**

Mr. Rameshchandra Gunanand Pokhriyal was inducted as an additional director w.e.f. 5<sup>th</sup> August, 2014 on the Board of Director of the Company. As per the provisions of the Companies Act, 2013 and the Article of Association of the Company, his appointment as a Director of the Company requires the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mrs. Jyoti Niranjana Ledwani was inducted as an additional director w.e.f. 26<sup>th</sup> March, 2015 on the Board of Director of the Company. As per the provisions of the Companies Act, 2013 and Article of Association of the Company, her appointment as a Director of the Company requires the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mr. Harsh Vardhan Bassi retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**KEY MANAGERIAL PERSONNEL**

The following are the Key Managerial Personnel of the Company pursuant to Section 203 of the Companies Act, 2013:

Sr. No.	Name	Designation
1.	Shri Raj Kumar Sekhani	Chairman
2.	Shri Harsh Vardhan Bassi	Managing Director
3.	Shri Shriprakash Jain	CFO
4.	Ms. Bharti Gandhi	Company Secretary



**BOARD PERFORMANCE**

The performance evaluation of the non-executive directors is done by the Board annually. This evaluation is based on the attendance and contribution of the member at the board/ committee meetings. The process also considers core competency, expertise, personnel characteristic, and specific responsibility of the concerned director.

The performance evaluation of the Chairman and the Managing Director was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

**BOARD MEETINGS**

The details of number of meetings of the Board, held during the year forms part of the Corporate Governance Report.

**PARTICULARS OF LOANS GUARANTEES AND INVESTMENTS BY THE COMPANY**

Details of the Loans, Guarantees and Investment covered under the section 186 of the Companies Act 2013, are given in the Financial Statements.

**WHISTLE BLOWER POLICY**

The whistle blower policy adopted by the Company has been posted on its website ([www.pelhakoba.com](http://www.pelhakoba.com))

**REMUNERATION AND NOMINATION POLICY**

The Company does not have any formal policy in relation to remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. The details of payments made to the Directors are attached to and form part of this Report.

**RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and thus provisions of Section 188 of the Companies Act, 2013 are not attracted. The disclosure in Form AOC-2, is accordingly, not required.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURTS**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under section 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- (i) In the preparation of the Annual Accounts for the year 2014-15, the applicable Accounting Standards have been followed;
- (ii) The accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the net profit of the Company for the year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.
- (v) The Directors had laid down adequate internal financial controls to be followed by the Company and these are operating effectively.
- (vi) Adequate and proper systems to ensure compliance with all applicable laws have been devised and such systems are operating effectively in the Company.

**STATUTORY AUDIT**

M/s M B A H & CO, Chartered Accountants (Firm Registration No. 121426W), statutory auditors of the Company, hold office up to the forthcoming Annual General Meeting and are recommended for appointment to audit accounts of the Company from the conclusion of this Annual General Meeting to the conclusion of 26th Annual General Meeting of the Company i.e. for a period of 3 years. M/s M B A H & CO have submitted written confirmation to the Company that their appointment, if made, will be in conformity with the limits specified under Section 139 of the Companies Act 2013.

**COST AUDIT**

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s Vipul Bhardwaj & Co., Cost accountants, as Cost Auditor to audit the cost accounts of the Company for the year 2015-16 at a remuneration of ₹50,000 plus service tax as applicable and reimbursement of out of pocket expenses. A resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

# PIONEER EMBROIDERIES LIMITED

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## SECRETARIAL AUDIT

As required under Section 204 of the Companies Act 2013, and rules made thereunder, the Company has appointed M/s Sanjay Dholakia & Associates, a firm of Company Secretaries in Practice (Registration No. 2655) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure - B and forms an integral part of this Report.

The Secretarial Audit Report does not contain any qualification for the year under review.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has an effective internal control and risk mitigation system, commensurate with its size. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the systems.

## CORPORATE SOCIAL RESPONSIBILITY

The provisions of CSR activities under Companies Act 2013 do not apply to your company.

## SAFETY, HEALTH & ENVIRONMENT

As hitherto, all efforts were taken to ensure safety in the operation of the Plants, promote health and protect the environment. The health of the Employees is being continuously monitored and environment improvement measures in and around the Plant area are being given due care and attention.

## HUMAN RESOURCE

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company takes various HR initiatives to align the HR policy to the growing requirements of business.

Your company regularly conducts technical and safety training programmes.

## PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be furnished in terms of the provisions of Section 197(12) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, are attached as Annexure-C to this report.

## ACKNOWLEDGEMENT

The Management of your Company is grateful to the Government authorities, Shareholders, Valued Customers, Company's Bankers, Raw Material Suppliers, and other Business Associates for their continued support and co-operation.

The Directors also wish to place on record their appreciation of the co-operation, active involvement and dedication of the employees, which enabled the Management to contribute to the revival of your Company.

For and on behalf of the Board of Directors

Place : Mumbai.  
Date : May 21, 2015

RAJ KUMAR SEKHANI  
Chairman



**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

As on Financial Year ended on 31.03.2015

(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014)

**I. REGISTRATION & OTHER DETAILS**

- |   |   |
|---|---|
| 1. CIN  | L17291MH1991PLC063752   |
| 2. Registration Date  | 25 <sup>th</sup> October, 1991.   |
| 3. Name of the Company  | Pioneer Embroideries Ltd.   |
| 4. Category/Sub-category of the Company                                       | Public Company Limited by Shares  |
| 5. Address of the Registered office & contact details                         | Unit 101B, 1 <sup>st</sup> Floor, Abhishek Premises,<br>Plot No.C5-6, Dalia Industrial Estate,<br>Off. New Link Road, Andheri (W),<br>Mumbai-400 058.<br>Tel : (022)42232323<br>Fax : (022)42232313 |
| 6. Whether listed company   | Yes<br>Listed at:-<br>a) BSE Limited<br>b) National Stock Exchange Limited  |
| 7. Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited,<br>C-13, Pannalal Silk Mills Compound, L. B. S. Marg,<br>Bhandup (West), Mumbai - 400 078.<br>Tel : (022)25963838<br>Fax : (022)25946969                         |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company are given below:

Sr.No.	Name & Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1.	Dope Dyed Polyester Yarn	13114	77.30
2.	Embroidered Fabric, Laces, Crochet Laces	13991	21.64

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held
<b>Subsidiary Companies [Section 2(87)(ii)]</b>				
1	<b>Hakoba Lifestyle Limited</b> Unit 101b, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U67190MH1993PLC072786	Subsidiary Company	85%
2	Mas Embroideries Private Limited 4986, 1st Floor, Bara Tooti Chowk, Sadar Bazar, Delhi - 110 006	U74899DL2000PTC104065	Subsidiary Company	100%
3	Pioneer Realty Limited Unit 101b, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U70101MH2007PLC169361	Subsidiary Company	100%
4	S.R Investments Limited, DTOS Ltd 10th Floor, Raffles Tower, 19 Cybercity Ebene Republic of Mauritius	Not available. The Company is incorporated in Mauritius.	Subsidiary Company	100%
<b>Associate Company [Section 2(6)]</b>				
5	Crystal Lace (india) Ltd. Unit 101b, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U17291MH1994PLC076439	Associate Company	44.58%




**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)**
**I. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1) Indian									
a) Individual/HUF	21,00,203	-	21,00,203	11.87	21,00,203	-	21,00,203	11.87	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	64,81,726	-	64,81,726	36.62	64,81,726	-	64,81,726	36.62	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	<b>85,81,929</b>	<b>-</b>	<b>85,81,929</b>	<b>48.49</b>	<b>85,81,929</b>	<b>-</b>	<b>85,81,929</b>	<b>48.49</b>	<b>-</b>
2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>85,81,929</b>	<b>-</b>	<b>85,81,929</b>	<b>48.49</b>	<b>85,81,929</b>	<b>-</b>	<b>85,81,929</b>	<b>48.49</b>	<b>-</b>
<b>B. PUBLIC SHAREHOLDING</b>									
1) Institutions									
a) Mutual Funds	300	600	900	-	300	600	900	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	9,99,594	-	9,99,594	5.65	9,99,594	-	9,99,594	5.65	-
g) FIs	7,804	-	7,804	0.04	6,961	-	6,961	0.04	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>10,07,698</b>	<b>600</b>	<b>10,08,298</b>	<b>5.69</b>	<b>10,06,855</b>	<b>600</b>	<b>10,07,455</b>	<b>5.69</b>	<b>-</b>

# PIONEER EMBROIDERIES LIMITED

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Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2) Non Institutions</b>									
a) Bodies Corporates									
i) Indian	17,96,180	7,632	18,03,812	10.19	16,36,204	7,632	16,43,836	9.29	(0.90)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	35,82,446	2,76,000	38,58,446	21.80	34,24,925	2,73,880	36,98,805	20.90	(0.90)
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	21,60,688	-	21,60,688	12.21	23,68,136	-	23,68,136	13.38	1.17
c) Others (specify)									
i) Non-Resident Indian	1,03,344	83,391	1,86,735	1.06	2,65,864	83,247	3,49,111	1.97	0.92
ii) Clearing Members	78,985	-	78,985	0.45	39,121	-	39,121	0.22	(0.23)
iii) Directors & their relatives	2,501	750	3,251	0.02	2,501	750	3,251	0.02	-
iv) Trust	16,950	-	16,950	0.10	7,450	-	7,450	0.04	(0.05)
<b>SUB TOTAL (B)(2):</b>	<b>77,41,094</b>	<b>3,67,773</b>	<b>81,08,867</b>	<b>45.82</b>	<b>77,44,201</b>	<b>3,65,509</b>	<b>81,09,710</b>	<b>45.82</b>	<b>-</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>87,48,792</b>	<b>3,68,373</b>	<b>91,17,165</b>	<b>51.51</b>	<b>87,51,056</b>	<b>3,66,109</b>	<b>91,17,165</b>	<b>51.51</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>1,73,30,721</b>	<b>3,68,373</b>	<b>1,76,99,094</b>	<b>100.00</b>	<b>1,73,32,985</b>	<b>3,66,109</b>	<b>1,76,99,094</b>	<b>100.00</b>	<b>-</b>

## ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total Shares of the company	% of Shares pledged/ encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares pledged/ encumbered to total shares	
1	Raj Kumar Sekhani	20,45,718	11.56	65.48	20,45,718	11.56	21.49	-
2	Bimla Devi Sekhani	20,485	0.12	-	20,485	0.12	-	-
3	Ashok Kumar Sekhani	20,000	0.11	-	20,000	0.11	-	-
4	Manak Chand Baid Jt. Raj Kumar Sekhani	14,000	0.08	-	14,000	0.08	-	-
5	Pioneer E-Com Fashions Limited	64,81,726	36.62	1.60	64,81,726	36.62	1.60	-
	<b>Total</b>	<b>85,81,929</b>	<b>48.49</b>	<b>16.82</b>	<b>85,81,929</b>	<b>48.49</b>	<b>6.33</b>	<b>-</b>





iii. Change in Promoters' Shareholding:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	85,81,929	48.49	85,81,929	48.49
Date wise increase/decrease in Promoters Share holding during the year	No Change	No Change	No Change	No Change
At the end of the year	85,81,929	48.49	85,81,929	48.49

iv. Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>General Insurance Corporation of India</b>				
	At the beginning of the year	5,00,000	2.83	5,00,000	2.83
	Bought during the year	No Change	No Change	No Change	No Change
	Sold during the year	No Change	No Change	No Change	No Change
	At the end of the year	5,00,000	2.83	5,00,000	2.83
2	<b>United India Insurance Company Limited</b>				
	At the beginning of the year	4,99,594	2.82	4,99,594	2.82
	Bought during the year	No Change	No Change	No Change	No Change
	Sold during the year	No Change	No Change	No Change	No Change
	At the end of the year	4,99,594	2.82	4,99,594	2.82
3	<b>Zigma Capital Finance Private Limited</b>				
	At the beginning of the year	4,87,662	2.76	4,87,662	2.76
	Bought during the year	No Change	No Change	No Change	No Change
	Sold during the year	No Change	No Change	No Change	No Change
	At the end of the year	4,87,662	2.76	4,87,662	2.76
4	<b>Kenisha Enterprises Private Limited</b>				
	At the beginning of the year	--	--	--	--
	Bought during the year	4,26,052	2.41	4,26,052	2.41
	Sold during the year	--	--	4,26,052	2.41
	At the end of the year	4,26,052	2.41	4,26,052	2.41
5	<b>Jayesh Nagji Nissar</b>				
	At the beginning of the year	2,68,235	1.52	2,68,235	1.52
	Bought during the year	No Change	No Change	No Change	No Change
	Sold during the year	No Change	No Change	No Change	No Change
	At the end of the year	2,68,235	1.52	2,68,235	1.52
6	<b>Sunita Bhagchandka</b>				
	At the beginning of the year	2,32,757	1.32	2,32,757	1.32
	Bought during the year	4,555	0.03	2,37,312	1.34
	Sold during the year	--	--	2,37,312	1.34
	At the end of the year	2,37,312	1.34	2,37,312	1.34



Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	<b>Dipak Kanayalal Shah</b>				
	At the beginning of the year	1,50,000	0.85	1,50,000	0.85
	Bought during the year	30,000	0.17	1,80,000	1.02
	Sold during the year	--	--	1,80,000	1.02
	At the end of the year	1,80,000	1.02	1,80,000	1.02
8	<b>Pukhraj Devi Pugalia</b>				
	At the beginning of the year	1,44,327	0.82	1,44,327	0.82
	Bought during the year	13,937	0.08	1,58,264	0.89
	Sold during the year	--	--	1,58,264	0.89
	At the end of the year	1,58,264	0.89	1,58,264	0.89
9	<b>Archana Salil Maroo</b>				
	At the beginning of the year	1,80,047	1.02	1,80,047	1.02
	Bought during the year	--	--	1,80,047	1.02
	Sold during the year	50,000	0.28	1,30,047	0.73
	At the end of the year	1,30,047	0.73	1,30,047	0.73
10	<b>Ratanlal Sekhani</b>				
	At the beginning of the year	1,10,000	0.62	1,10,000	0.62
	Bought during the year	20,000	0.11	1,30,000	0.73
	Sold during the year	--	--	1,30,000	0.73
	At the end of the year	1,30,000	0.73	1,30,000	0.73

**Note:**

The above information is based on the weekly beneficiary position received from Depositories.

**v. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors & Key Managerial Personnel	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Raj Kumar Sekhani</b>				
	At the beginning of the year	20,59,718	11.64	20,59,718	11.64
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity etc)	No Change	No Change	No Change	No Change
	At the end of the year	20,59,718	11.64	20,59,718	11.64



**V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	8,309.97	-	-	8,309.97
ii) Interest due but not paid	1,585.16	-	-	1,585.16
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9,895.12</b>	<b>-</b>	<b>-</b>	<b>9,895.12</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction (Net)	(1,739.06)	-	-	(1,739.06)
<b>Net Change</b>	<b>(1,739.06)</b>	<b>-</b>	<b>-</b>	<b>(1,739.06)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	6,802.25	-	-	6,802.25
ii) Interest due but not paid	1,353.81	-	-	1,353.81
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8,156.06</b>	<b>-</b>	<b>-</b>	<b>8,156.06</b>

**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole Time Director and/or Manager:**

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of the MD/MTD/Manager		Total Amount
		Chairman	Managing Director	
		Shri Raj Kumar Sekhani	Shri Harsh Vardhan Bassi	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	48.00	29.04	77.04
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	3.71	3.71
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, (specify)	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>48.00</b>	<b>32.75</b>	<b>80.75</b>

**B. Remuneration to other Directors:**

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
1	<b>Independent Directors</b>	Shri Joginder Kumar Baweja	Shri Gopalkrishnan Sivaraman	Shri Rameshchandra Pokhriyal	Ms. Jyoti Niranjana Ledwani	
	(a) Fee for attending board committee meetings	0.38	0.37	0.30	-	1.05
	(b) Commission	-	-	-	-	-
	(c ) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	0.38	0.37	0.30	-	1.05
2	<b>Other Non Executive Directors</b>	-	-	-	-	
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c ) Others, please specify.	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
	<b>Total Managerial Remuneration Total (B)=(1+2)</b>	0.38	0.37	0.30	-	1.05

**C. Remuneration to key Managerial Personnel other than MD/Manager/WTd:**

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
		(Ms. Bharti S Gandhi)	(Shri Shriprakash Jain)	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1.82	20.38	22.20
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	0.22	0.22
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, (specify)	-	-	-
5	Others, please specify	-	-	-
	<b>Total (C)</b>	1.82	20.60	22.42



**VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made if any (give details)
<b>A.</b>	<b>COMPANY</b>					
	Penalty					
	Punishment					
	Compounding					
<b>B.</b>	<b>DIRECTORS</b>					
	Penalty					
	Punishment					
	Compounding					
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty					
	Punishment					
	Compounding					

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Pioneer Embroideries Limited,  
Unit 101B, 1<sup>st</sup> Floor, Abhishek Premises,  
Plot No.C5-6, Dalia Industrial Estate,  
Off. New Link Road, Andheri (W),  
Mumbai-400 058.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pioneer Embroideries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - **(Not applicable to the Company during the Audit Period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period);**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period);**
  - and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period);**
- (vi) As per Management representation letter following are laws applicable specifically to Company:
  - 1. Shops and Establishment Act (as applicable to the Company in respective States)



2. The Contract Labour (Regulation and Abolition) Act, 1979
3. The Legal Metrology Act, 2009

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. The same was not notified till 31<sup>st</sup> March, 2015.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s), if applicable; - The Company has complied with the various provisions of the Listing Agreements with BSE and NSE, where the securities of the Company are Listed.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, as mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report:

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY R DHOLAKIA)  
Practising Company Secretary  
Proprietor  
Membership No. 2655 /CP No. 1798

Date: 21<sup>st</sup> May 2015  
Place: Mumbai

**Annexure A (Forming Part of Secretarial Audit Report)**

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED  
Mumbai.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial record. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY R DHOLAKIA)  
Practising Company Secretary  
Proprietor  
Membership No. 2655 /CP No. 1798

Date: 21<sup>st</sup> May, 2015  
Place: Mumbai

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2015 is given here below and forms part of Directors' Report.

**A) CONSERVATION OF ENERGY:**

The manufacturing processes of the Company are not energy intensive, therefore impact of energy saving devices is insignificant.

**B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

The Company has not imported any technology at any time during the last five years.

**RESEARCH AND DEVELOPMENT:**

- |   |  |
|---|--|
| a) Specific areas in which R & D has carried out by the Company | The Company has carried out R & D in the area of product development & cost reduction.         |
| b) Benefit derived as a result of R & D.                        | Sales and quality of the products of the Company has improved substantially.                   |
| c) Future Plan of action  | The Company plans to strengthen its R & D activity and intensify its cost reduction programme. |
| d) Expenditure on R & D   | Expenditure on R & D is not accounted for separately.  |

**C) FOREIGN EXCHANGE EARNING AND OUTGO:**

(₹ in lacs)

	2014-15	2013-14
Total Foreign Exchange Used (Payment Basis)	592.78	1,158.07
Total Foreign Exchange Earned	3,874.09	3,609.45



## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy on Corporate Governance

While the regulatory environment in the country has done well to have relevant structures, code and practices in place for ensuring better standards of corporate governance, we, at Pioneer, believe that compliance of the same should be both in letter and in spirit. Even before the framework was in place, your Company has always imbibed the spirit of good governance in its corporate philosophy and has created an enabling environment for nurturing good management practices. Apart from efficiency and competitiveness, other traits like transparency, accountability and ethical values form part of our corporate culture.

The Board of Directors at Pioneer is committed to ensure that the affairs of your Company are governed in the best interests of the shareholders, and that all endeavors are made to maintain transparency and fairness in all facets of its operations. Emphasis is on maintaining integrity of internal control systems and accountability and compliance with all statutory/ regulatory requirements. Your Company is also conscious of its responsibility as a good Corporate Citizen, and assures that its' operations would be guided by ethics and social values. Moreover, efforts are made to have such values well-defined and explicit, and have them filter down from the top brass to the lower levels of the organisation. We acknowledge the fact that quality of governance is a critical success factor for brand building, resource mobilisation, market penetration and overall business competitiveness.

In accordance with clause 49 of the Listing Agreement with the domestic stock exchanges and best practices followed internationally on Corporate Governance, the details of compliance by the Company are as under:

### 2. Board of Directors

The Board of the Company comprises six Directors, out of which two are Executive Directors, and four are Independent Non-Executive Directors. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world. The Chairman of the Board is an Executive Director.

The Composition of Directors on the Board of the Company is as under:

Category	No. of Directors
Executive Directors	2
Independent Director	4
<b>Total</b>	<b>6</b>

The Category of Directors on the Board of the Company is as under:

Name of the Director	Category	No. of other Directorships@	No. of Board Committee@@ in which Director is	
			Member	Chairman
Mr. Raj Kumar Sekhani	Chairman	4	---	---
Mr. Harsh Vardhan Bassi	Managing Director	3	1	---
Mr. Joginder Kumar Baweja	Independent Non-Executive Director	1	---	2
Mr. Gopalkrishnan Sivaraman **	Independent Non-Executive Director	1	2	---
Mr. Rameshchandra Pokhriyal**	Independent Non-Executive Director	1	2	---
Ms. Jyoti Niranjana Ledwani***	Independent Non-Executive Director	1	2	---

\* Appointed w.e.f.:- 17<sup>th</sup> April, 2014 \*\* Appointed w.e.f.:- 5<sup>th</sup> August, 2014 \*\*\*Appointed w.e.f.:- 26<sup>th</sup> March, 2015

None of the Directors of the Company holds membership of more than 10 Board Committees or Chairmanships of more than 5 Board Committees.

#### Attendance of Directors at Board Meetings and at the last Annual General Meeting.

The Board of the Company met five times during the year ended March 31, 2015 on the following dates:

23-05-2014, 05-08-2014, 07-11-2014, 06-02-2015 and 12-03-2015

The Board discussed the operating plans, performance of various units and various other informations, including those specified under Annexure I to Clause 49 of the Listing Agreement, from time to time.



Name of the Director	Board Meetings held during the tenure of the Director	Board Meeting Attended	Attendance at the last AGM held on July 18, 2014
Mr. Raj Kumar Sekhani	5	5	Present
Mr. Harsh Vardhan Bassi	5	4	Present
Mr. Joginder Kumar Baweja	5	5	Present
Mr. Gopalkrishnan Sivaraman*	5	5	Absent
Mr. Rameshchandra Pokhriyal**	4	4	-
Ms. Jyoti Niranjana Ledwani***	-	-	-

\* Appointed w.e.f.:- 17th April, 2014 \*\* Appointed w.e.f.:- 5th August, 2014 \*\*\*Appointed w.e.f.:- 26th March, 2015

#### Directors seeking reappointment

A brief resume of Directors appointed/re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas, and the names of the companies in which they hold directorship and the Committees of the Board where-in they are member, are furnished hereunder:

#### Mr. Rameshchandra Pokhriyal

A senior Textile professional, Mr Pokhriyal is a B. Sc (Statistics) graduate with diplomas in Textile Technology, Operations Research and Industrial Engineering. He also holds a degree in law. In his career spanning over 38 years, Mr Pokhriyal has headed Quality Control, Industrial Engineering and Production management, in key functional areas of Mills Management. Mr Pokhriyal apart from his leadership qualities also has sound technology knowledge and HR Management skills.

Mr Pokhriyal does not hold directorship in any Company except Pioneer Embroideries Limited.

#### Ms. Jyoti Niranjana Ledwani

Ms Ledwani, an economics graduate, is also a multiple MBA. She has over 15 years of experience as a member of senior Management team of National Textile Corporation and was involved in HR management, liaison with financial institutions and monitoring cash flows.

Ms Ledwani does not hold directorship in any Company except Pioneer Embroideries Limited.

### 3. Audit Committee

The following terms of reference stipulated by the Board of Directors to the Audit Committee cover all the matters specified under the Listing Agreement as well as the provisions of Section 177 of the Companies Act, 2013.

1. To oversee the financial reporting process.
2. To oversee the disclosures of financial information.
3. To recommend appointment / removal of statutory auditors and fixation of their fees.
4. To review the quarterly/half yearly financial results and annual financial statements with the management, internal auditor and the statutory auditor.
5. To consider the reports of the internal auditors and to discuss their findings with the management and to suggest corrective actions wherever necessary.
6. To Review with the management, statutory auditors and the internal auditors the nature and scope of audits and the adequacy of internal control systems.
7. To Review major accounting policies and compliance with accounting standards and listing agreement entered into with the stock exchange and other legal requirements concerning financial statements.
8. To Look into the reasons for any substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors, if any.
9. To Review related party transactions of material nature, with promoters or the management and their relatives that may have potential conflict with the interests of the Company at large.
10. To investigate any matter covered under Section 177 of the Companies Act, 2013.
11. To Review the financial and risk management policies.

During the year ended March 31, 2015, Four Meetings of the Audit Committee were held on 23-05-2014, 05-08-2014, 07-11-2014 and 06-02-2015.



The Composition of Audit Committee and the details of attendance of its meetings are as under:

Name of the Director	Designation	Status	Committee Meetings held during the tenure of Director on the Committee	Committee Meetings Attended
Mr. Joginder Kumar Baweja	Member	Non-Executive Independent Director	4	4
Mr. Harsh Vardhan Bassi	Member	Executive Director	4	3
Mr. Gopalkrishnan Sivaraman*	Member	Non-Executive Independent Director	4	4
Mr. Rameshchandra Pokhriyal**	Member	Non-Executive Independent Director	3	3
Ms. Jyoti Niranjana Ledwani***	Member	Non-Executive Independent Director	0	0

\*Appointed w.e.f.: 17<sup>th</sup> April, 2014 \*\* Appointed w.e.f.: 5<sup>th</sup> August, 2014 \*\*\*Appointed w.e.f.: 26<sup>th</sup> March, 2015

#### 4. Nomination and Remuneration Committee

The Committee comprises of four Independent Non-Executive Directors. The terms of reference of the Committee is to deal with the matters related to remuneration by way of salary, perquisites, benefits, etc. for the Executive and Whole-time Directors of the Company.

The Committee comprises of following Members:

Name of the Director	Designation	Status
Mr. Joginder Kumar Baweja	Chairman	Non-Executive Independent Director
Mr. Gopalkrishnan Sivaraman*	Director	Non-Executive Independent Director
Mr. Rameshchandra Pokhriyal**	Director	Non-Executive Independent Director
Ms. Jyoti Niranjana Ledwani***	Director	Non-Executive Independent Director

\*Appointed w.e.f.: 17<sup>th</sup> April, 2014 \*\* Appointed w.e.f.: 5<sup>th</sup> August, 2014 \*\*\*Appointed w.e.f.: 26<sup>th</sup> March, 2015

During the year ended March 31, 2015, one meeting of the Committee was held on 23-05-2014 it was attended by all the members of the Committee.

The remuneration of the employees consists of fixed pay i.e. Basic pay, Allowances, perquisites etc., which is related to Industry pattern, qualification, experience and responsibilities handled by the employee etc. The objectives of the remuneration policy are to motivate employees and recognize their contribution, reward merit and to attract and retain talent in the organization.

The Committee is authorised, inter alia to deal with the matters related to remuneration by way of salary, perquisites, benefits etc. for the Executive Directors of the Company and set guidelines for salary, performance pay and perquisites to other senior employees.

The details of Remuneration paid / payable to the Directors for the year ended March 31, 2015 are as follows:

(Amount in ₹)

Name of the Director	Position	Sitting Fees	Salary & Perquisites	Total
Mr. Raj Kumar Sekhani	Chairman	NIL	48,00,000	48,00,000
Mr. Harsh Vardhan Bassi	Managing Director	NIL	32,75,484	32,75,484
Mr. Joginder Kumar Baweja	Independent Director	37,500	NIL	37,500
Mr. Gopalkrishnan Sivaraman*	Independent Director	37,500	NIL	37,500
Mr. Rameshchandra Pokhriyal**	Independent Director	30,000	NIL	30,000
Ms. Jyoti Niranjana Ledwani***	Independent Director	NIL	NIL	NIL
<b>TOTAL</b>		<b>1,05,000</b>	<b>80,75,484</b>	<b>81,80,484</b>

\*Appointed w.e.f.: 17<sup>th</sup> April, 2014 \*\* Appointed w.e.f.: 5<sup>th</sup> August, 2014 \*\*\*Appointed w.e.f.: 26<sup>th</sup> March, 2015

#### 5. Stakeholders' Relationship Committee

The functions of Stakeholder's Relationship Committee include redressal of investor's complaints related to share transfers, non-receipt of Annual Reports, dividend payment, issue of duplicate share certificates, transfer and transmission of shares and other allied transactions. Its scope also includes delegating the powers to the executives of Company / Share Transfer Agents to process share transfer etc.



The composition of Shareholder's Grievance Committee is as under:

Name of the Director	Designation	Status
Mr. Raj Kumar Sekhani	Chairman	Chairman
Mr. Harsh Vardhan Bassi	Member	Managing Director
Mr. Joginder Kumar Baweja	Member	Non Executive independent Director
Mr. Gopalkrishnan Sivaraman*	Member	Non Executive independent Director
Mr. Rameshchandra Pokhriyal**	Member	Non Executive independent Director
Ms. Jyoti Niranjana Ledwani***	Member	Non Executive independent Director

\* Appointed w.e.f.:- 17th April, 2014 \*\* Appointed w.e.f.:- 5th August, 2014 \*\*\*Appointed w.e.f.:- 26th March, 2015

Mr. Uday Nemlekar Manager, has been designated as Compliance Officer in terms of clause 49 of the listing Agreement.

The details of the complaints and other correspondence received and attended to during the year ended on March 31, 2015 are given hereunder:

Nature of Complaints	Received	Attended to	Pending
Non Receipt of Share Certificate(s) - Transfer	6	6	-
Non Receipt of Dividend / Interest / Redemption Warrant	5	5	-
Non Receipt of Annual Report	1	1	-
Others	1	1	-
<b>Total</b>	<b>13</b>	<b>13</b>	<b>-</b>

## 6. General Body Meetings

The venues and the time of the Annual General Meetings held during the last three years are as follows:

Year	Date	Time	Venue	No. of Special Resolutions passed
2011-2012	21 <sup>st</sup> December, 2012	9.30 A.M	The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095	02
2012-2013	10 <sup>th</sup> August, 2013	9.30 A.M	The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095	Nil
2013-2014	18 <sup>th</sup> July, 2014	9.30 A.M	The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095	06

All the Resolutions set out in the Notices were passed by the Shareholders.

During the year under review, the Company has not passed Special any Resolution through postal ballot as per the provisions of the Companies Act, 2013 and the rules framed thereunder.

At this meeting also there are no ordinary or Special Resolution that require to be passed by way of Postal Ballot.

## 7. Disclosures

There were no transactions of material nature with promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There were no instances of non-compliance by the Company nor have any penalties, strictures been imposed by the Stock Exchanges or SEBI or any other Statutory Authority for the last three years on any matter related to capital markets.

## 8. Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

## 9. Means of Communication

The Unaudited Quarterly and Half Yearly Results are sent to the Stock Exchanges where the shares of the Company are listed. The Results are normally published in 'Business Standard', 'The Financial Express & 'Mumbai Lakshdeep'. The results are displayed on the Company's Website: - [www.pelhakoba.com](http://www.pelhakoba.com).

The "Management Discussion and Analysis Report" forms part of this Annual Report.

## General Shareholder Information

- i) **AGM**  
Date and Time : 21<sup>st</sup> July, 2015 at 9.30 a.m.  
Venue : The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai- 400064.
- ii) **Financial Calendar 2015-16 (tentative)**  
Financial Reporting for  
Quarter ending June 30, 2015 : By Second Week of August, 2015  
Half year ending September, 2015 : By Second Week of November, 2015  
Quarter ending December, 2015 : By Second Week of February, 2016  
Year ending March 31, 2016 : By Last Week of May, 2016  
Annual General Meeting (2015-16) : By end of September, 2016
- iii) **Date of Book Closure** : 17<sup>th</sup> July, 2015 to 21<sup>st</sup> July, 2015 (*both days inclusive*)
- iv) **Dividend Payment Date** : No Dividend has been recommended by the Board of Directors of the Company for the year.
- v) **Listing on Stock Exchanges** : National Stock Exchange of India Limited (Code: PIONEEREMB)  
: BSE Limited (Code: 514300)
- vi) **Listing Fees** : Annual Listing Fees for the Financial Year 2015-2016 have been paid to the above Stock Exchanges.
- vii) **Demat ISIN No.** : INE156C01018
- viii) **Stock Market Data**  
The month-wise movement (High & Low) of the shares of the Company at the Mumbai Stock Exchange during each month for the year ended March 31, 2015 is as under:
- | Month           | High Price (Rs.) | Low Price (Rs.) | Volume   |
|-----------------|------------------|-----------------|----------|
| April, 2014     | 8.65             | 7.06            | 44,680   |
| May, 2014       | 12.88            | 6.50            | 1,96,993 |
| June, 2014      | 12.25            | 9.96            | 1,28,766 |
| July, 2014      | 15.19            | 11.18           | 2,03,747 |
| August, 2014    | 13.99            | 11.25           | 56,347   |
| September, 2014 | 13.83            | 11.40           | 1,09,428 |
| October, 2014   | 12.77            | 9.56            | 48,828   |
| November, 2014  | 25.44            | 10.35           | 8,06,116 |
| December, 2014  | 23.40            | 16.65           | 2,50,279 |
| January, 2015   | 27.10            | 18.05           | 3,42,103 |
| February, 2015  | 27.60            | 19.05           | 1,37,755 |
| March, 2015     | 25.75            | 19.25           | 2,47,735 |
- ix) **Performance in comparison to Broad-based indices such as BSE Sensex** : As against a rise of 25% in BSE Sensex during the year, the price of equity shares of the Company has risen by 155%.
- x) **Registrar & Share Transfer Agent** : Link Intime India Pvt. Limited.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West),  
Mumbai - 400 078.
- xi) **Share Transfer System**  
The share transfers, received in physical form, are processed and the share certificates returned within a period of 15 to 20 days from the date of receipt, subject to the documents being valid and complete in all respects.


**xii) Distribution of Shareholding as on March 31, 2015**

Slab of No. of Shareholding (Rs.)	No. of Shareholders	% to No. of Shareholders	Amount (Rs.)	% to paid-up capital
Upto 5000	19,417	92.29	1,16,55,660	6.59
5001 - 10000	713	3.39	59,19,080	3.34
10001 - 20000	420	2.00	64,71,200	3.66
20001 - 30000	160	0.76	40,57,010	2.29
30001 - 40000	67	0.32	23,69,300	1.34
40001 - 50000	70	0.33	32,81,210	1.85
50001 - 100000	108	0.51	79,04,460	4.47
> 100001	85	0.40	13,53,33,020	76.46
<b>Total</b>	<b>21,040</b>	<b>100.00</b>	<b>17,69,90,940</b>	<b>100.00</b>

**xiii) Categories of Shareholding Pattern as on March 31, 2015**

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Promoters	6	0.03	85,81,929	48.49
Mutual Funds & UTI	2	0.01	900	0.00
Banks/Financial Institutions/ Ins/Govt.	2	0.00	9,99,594	5.65
Foreign Institutional Investors	1	0.00	6,961	0.04
Corporates	248	1.18	16,43,836	9.29
Individuals	20,269	96.34	60,66,941	34.28
NRIs/OCBs	453	2.15	3,49,111	1.97
Others	59	0.28	49,822	0.28
<b>Total</b>	<b>21,040</b>	<b>100.00</b>	<b>1,76,99,094</b>	<b>100.00</b>

**xiv) Dematerialisation of Shares**

The Company shares are traded compulsorily in dematerialized form. As on March 31, 2015 the details of the shares of the Company held in physical and demat form are given below:

	No. of Shares	% to the Capital
Shares held in Physical Form	3,66,109	2.07
Shares held in Demat Form	1,73,32,985	97.93
<b>TOTAL</b>	<b>1,76,99,094</b>	<b>100.00</b>

**xv) Outstanding GDRs / Warrants and Convertible Instruments**

There are no outstanding GDRs / Warrants and Convertible Instruments as at 31st March, 2015.

- xvi) Plant Locations** :
- i) Sarigam, Gujarat
  - ii) Naroili, Dadra & Nagar Haveli
  - iii) Karad, Dadra & Nagar Haveli
  - iv) Mira Road, Thane, Maharashtra
  - v) Coimbatore, Tamilnadu
  - vi) Kala-amb, Himachal Pradesh

- xvii) Address for Correspondence** : Shareholder correspondence should be addressed to the Company's Registrar and Transfer Agents:  
Link Intime India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West),  
Mumbai - 400 078  
Tel No.: (022) 25963838

Investors may also write or contact Mr. Uday Nemlekar, Compliance officer at the Corporate Office of the Company at:

Unit No 21 To 25, 2<sup>nd</sup> Floor Orient House,  
3A Udyog Nagar, Off S V Road,  
Goregaon (West),  
Mumbai - 400 062.  
Tel.: (022) 42232323  
Fax: (022) 42232313



**COMPLIANCE CERTIFICATE OF THE STATUTORY AUDITORS**

The statutory Auditors have certified that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to this Report.

**DECLARATIONS**

Compliance with the Code of Business Conduct and Ethics

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Company's Code of Business Conduct and Ethics for the year ended March 31, 2015.

For Pioneer Embroideries Limited

Place : Mumbai  
Date : 21<sup>st</sup> May, 2015

**Raj Kumar Sekhani**  
Chairman

**CEO/CFO Certification**

As required by sub-clause IX of Clause 49 of Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended March 31, 2015, the Company has complied with the requirements of the said sub-clause.

For Pioneer Embroideries Limited

For Pioneer Embroideries Limited

**Raj Kumar Sekhani**  
Chairman

**Shriprakash Jain**  
Chief Financial Officer

Place : Mumbai  
Date : 21<sup>st</sup> May, 2015

**AUDITORS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,  
**The Members of Pioneer Embroideries Limited**

We have examined the compliance of conditions of Corporate Governance by Pioneer Embroideries Limited for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 **M B A H & CO**  
Chartered Accountants  
(Firm Regn. No.121426W)

**MAHESH BHAGERIA**  
Partner  
Membership No.034499

Place : Mumbai  
Date : 21<sup>st</sup> May, 2015

## Management Discussion and Analysis

### Disclaimer:

Statements made in the Management Discussion and Analysis and relating to Company's objectives, projections, outlook, expectations, estimates, etc., may constitute forward-looking statements within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions, which cannot be guaranteed by the Company. Several factors, over which the Company may not have any direct control, could make a significant difference to the Company's operations. As such, actual results may differ materially from such projections, whether expressed or implied, since it would be beyond Company's ability to successfully implement its growth strategy. The Company undertakes no obligation or responsibility to update forward-looking statements and to publicly amend, modify or revise to reflect events or circumstances, after the date thereof, on the basis of any subsequent development, information or events.

The Management of Pioneer Embroideries Ltd. (Pioneer, or the Company) presents below an analysis of its performance during the year under review, i.e. Accounting Year ended 31<sup>st</sup> March, 2015 (for the period April 1, 2014 up to March 31, 2015).

### A: Business Review

#### Economic Outlook:

Global growth in 2014 at 2.6% was lower than expected and only marginally higher than 2.5 percent in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies. While activity in the United States and the United Kingdom has gathered momentum as monetary policy remains extremely accommodative, the recovery has been sputtering in the Euro Area and Japan. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 also reflected weak external demand. Global growth is expected to rise moderately, to 3.0 percent in 2015, and average about 3.3 percent through 2017.

Indian economy has also slowed down over recent years. In a nearly 12-quarter phase of deceleration upto 2013, economic growth in India has averaged 6.7 percent. Since 2013-14, however, it has been growing at 7.2 percent on average.

The Indian textiles industry accounts for 14% of industrial production of the country, which is 4% of the GDP. The industry employs 45 million people and accounts for 13% share of the country's total exports basket.

As per the UN Comtrade 2013 data, released in June 2014, India is ranked as 2<sup>nd</sup> largest Textile and Clothing (T&C) exporter in the world with USD 40-bn worth of exports. In clothing exports, India was ranked 6<sup>th</sup> largest exporter amongst all exporting countries, with USD 15.7-bn worth of clothing exports. In clothing export category China, Bangladesh, Italy, Germany, Vietnam preceded India as major exporters.

India's T & C exports during FY 14 were ₹2,149.8 bn (USD 35.426 bn) and during April to Nov 14, the exports were ₹1,457.98 bn (USD 24.08 bn). These constituted 12.59% and 13.49% of the overall exports of the country, respectively. India's exports of Textiles and Clothing are expected to be USD 64.41 bn by March 2017.

The Government of India continues its support to the sector with policy initiatives and schemes such as Technology Upgradation Fund Scheme (TUFS), Scheme for Integrated Textile Parks (SITP), Technology Mission of Technical Textiles etc. However, availability of trained man power and that of power remain areas of concern and need to be addressed.

Source : Economic Survey 2014-15, Ministry of Finance, Government of India, and others

### B: Performance Review

Apart from manufacturing and processing various types of laces, Pioneer Embroideries Ltd., also processes synthetic and cotton fabric and allover fabrics and laces. Its state of the art plant at Kala Amb in Himachal Pradesh makes Dope Dyed Polyester yarn.

With manufacturing facilities at seven locations across the country, Pioneer has a varied and diverse product portfolio. The products of the company and their manufacturing locations are as follows:

Products	Location
Dope Dyed Polyester Yarns	Kala-amb, Himachal Pradesh
Embroidered Laces- Fabric & Guipure, Embroidered dress material (made on Schiffli machines)	Sarigam(Gujarat)
Braided Laces (made on Bobbin Lace machines)	Sarigam(Gujarat), Coimbatore(TN)
Embroidered fabrics, Allover fabrics and laces.	Naroli (Silvassa), Coimbatore(TN)
Embroidered Fabric on multi head embroidery machines	Thane-Maharashtra
Processing of Synthetic & Cotton Fabrics, Guipure and Fabric Laces, Allover embroidered fabrics.	Sarigam (Gujarat),
Blended Spun Yarns	Kallakurichi (TN)
Product development for embroideries.	Gurgaon-Haryana



**Dope Dyed Polyester Yarn:**

Dope Dyed Polyester Yarn (DDPY) business showed improved performance on the back of drop in crude oil prices, achieving a turnover of ₹20,991 lacs. The turnover has come down as compared to the previous year (₹21,496 lacs) due to lower realisations on account of fall in crude oil prices. The share of value-added products in turnover has, however, increased leading to improvement in operating margins. The operating margins have improved to 11.84% from 9.29% last year. The working capital availability has also improved, albeit marginally.

The export business, however, has shown no perceptible growth. Exports have gone up to ₹3,320 lacs during the year from ₹3,148 lacs in the previous year.

The company is making efforts to tie up additional investments for installing need-based value-add equipment and further improve the unit's profitability.

**Embroidery Business:**

Pioneer Embroideries Ltd. continues to offer a varied range of embroidery products. Its products command a premium image in the embroidery market. Despite low entry barrier and predominance of unorganized players in its market place, Pioneer maintains its special position by leveraging its strength in product development, superior quality control and manufacturing capability to differentiate in the market.

The performance of the embroidery division of the company has not been as anticipated at the start of the year. At about ₹5,370 lacs, the Division achieved 90% of its' budgeted sales, but the profits have been substantially lower at ₹516 lacs against projected profit of ₹1,100 lacs. The perpetual problems of frequent break downs, high maintenance and labour costs, compounded by low-speed old machines and the working capital paucity continue to dog the operations. The constraints faced by the Division are being addressed by outsourcing production to achieve economy of operations. However, the ability of the Division to meet any adverse movement in demand remains severely compromised.

**Braided Laces:**

The Braided laces segment, continued to show improved results on the back of high export demand. The capacity utilization for the business has shown an improvement at the Coimbatore plant. During the year, the Braided Lace division has achieved a turnover of ₹505 lacs as against a turnover ₹395 lacs during the previous year. EBIDTA for the year stood at ₹163 lacs as against EBIDTA of ₹57 lacs during the previous year.

**Bank Borrowings:**

The Company has continued to pursue negotiated settlement individually with its lenders, post withdrawal from Corporate Debt Restructuring Cell by lenders.

Its accounts with Union Bank of India and Landes Bank Baden Wurttemberg are regular. It has negotiated a One-Time settlement with State Bank of India. While it continues to make payments under OTS, it has been unable to completely adhere to agreed schedule of repayment and is taking corrective steps to rectify the situation. It has negotiated settlement of loans of HDFC Bank (assigned to Kotak Mahindra Bank Ltd.) and EXIM Bank (assigned to Edelweiss Asset Reconstruction Co. Ltd.). The payments to Kotak Mahindra Bank Ltd. and Edelweiss ARC Ltd. are being made as per agreed terms.

**Financial Overview:**

The company has achieved a turnover of ₹27,154 lacs during the year, as against ₹27,322 lacs during the previous year. The turnover has remained flat mainly due to a fall in crude oil prices during the year under report and resultant fall in DDPY sales in rupee term, which constitutes almost two-thirds of the turnover of the company. However, the fall in realisation has been offset by a corresponding reduction in raw material prices.

**Operating Expenses:**

Operating expenses for the year ended 31st March, 2015 were ₹25,017 lacs (Previous year ₹24,871 lacs).

**Profits:**

The Company has earned a profit of ₹2,520 lacs, from operations, during the year as against ₹1,899 lacs during the previous financial year. The profit before tax and exceptional items is ₹1,317 lacs during the year as against a loss of ₹29 lacs during the previous financial year. The Company has generated cash profit of ₹1,318 lacs during the year as against ₹232 lacs during the previous financial year.



## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Pioneer Embroideries Limited,

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Pioneer Embroideries Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit/loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government in terms of sub-section (11) of section 143 of the Act (hereinafter referred to the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements ;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M B A H & CO**  
**Chartered Accountants**  
 (Firm Registration Number: 121426W)

**MAHESH BHAGERIA**  
 Partner  
 Membership Number: 034499

Place: Mumbai  
 Date: 21<sup>st</sup> May, 2015

## Annexure to Auditors' Report

**Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements, of our report of even date to the members of Pioneer Embroideries Limited on the standalone financial statements for the year ended March 31, 2015.**

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management in accordance with the phased verification program, which, in our opinion, is reasonable having regards to the size of the Company and the nature of its fixed assets. No material discrepancies have been noticed on such verification.
- ii. a) As explained to us, the physical verification of inventories has been conducted at reasonable intervals by the management.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management 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 is maintaining proper records of inventories and there were no material discrepancies noticed on physical verification.
- iii. a) As per the information and explanation given to us and the records produced before us for verification, the Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act.
- b) As explained to us, receipt of principal amount is on demand basis and there is no fixed repayment schedule. All these loans are interest free.
- c) There is no overdue amount more than rupees one lakh as these loans are on demand basis.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of, any continuing failure to correct major weaknesses in the internal control system.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits, in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.





- vi. According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act.
- vii. a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. There are no undisputed statutory dues which are in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, details of dues of income-tax or sales-tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess, which have not been deposited as on 31st March, 2015 on account of any dispute are given below:

Particulars	Year to which the matter pertains	Forum where matter is pending	Amount (₹ in lacs)
Duty of excise	F.Y. 2001-02	Commissioner Appeal	46.14
Income-tax	Block A.Y. 1999-00 to 2004-05	CIT (Appeals)	49.01
Income-tax	A.Y. 2002-03	CIT (Appeals)	13.33
Service-tax	F.Y. 2007-08 to 2010-11	Commissioner Appeal	128.08

- c) In our opinion and according to the information and explanations given to us, amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act and Rules made thereunder has been transferred to such fund within time.
- viii. The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks. The details of the period and amount of default are as under:

Name of the Financial Institution/ Bank	Period of Default	Amount(₹ in lacs)
State Bank of India	2011-2015	1,904.40
Corporation Bank	2011-2015	528.80
SIDBI	2011-2015	136.19
Union Bank of India	Jan 15 to March 15	163.89*

\*Since paid in April 15

- x. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by its subsidiary from bank is not prima facie prejudicial to the interest of the Company, except that in view of substantial losses in the subsidiary Hakoba Lifestyle Ltd., the Company might be asked to honor guarantee.
- xi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M B A H & CO  
Chartered Accountants  
(Firm Registration Number: 121426W)

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

Place: Mumbai  
Date: 21<sup>st</sup> May, 2015




**BALANCE SHEET AS AT 31ST MARCH, 2015**

(₹ in lacs)

Particulars	Note	As at 31.03.2015	As at 31.03.2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	4,068.99	4,443.99
(b) Reserves and Surplus	3	9,632.36	8,847.18
<b>2 Share Application Money pending Allotment</b>	4	297.50	-
<b>3 Non-Current Liabilities</b>			
Long Term Borrowings	5	3540.52	1,123.96
<b>4 Current Liabilities</b>			
(a) Short Term Borrowings	6	3,434.11	4,901.42
(b) Trade Payables	7	1,852.04	1,850.00
(c) Other Current Liabilities	8	5,781.98	9,414.05
(d) Short Term Provisions	9	670.76	495.17
		<b>29,278.26</b>	<b>31,075.77</b>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		8,253.64	9,640.43
(ii) Intangible Assets		39.88	42.79
iii) Capital Work- in- Progress		494.12	345.86
(b) Non-Current Investments	11	2,659.64	2,659.74
(c) Long Term Loans and Advances	12	2,119.00	2,007.67
(d) Other Non Current Assets	13	34.67	31.30
<b>2 Current Assets</b>			
(a) Inventories	14	3,324.44	2,886.01
(b) Trade Receivables	15	3,505.47	4,655.60
(c) Cash & Cash Equivalents	16	397.61	310.98
(d) Short Term Loans & Advances	17	8,231.53	8,361.21
(e) Other Current Assets	18	218.26	134.28
		<b>29,278.26</b>	<b>31,075.77</b>

Significant Accounting Policies 1

Notes referred from 1 to 41 above form an integral part of the Financial Statements

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

For &amp; on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership No. 034499

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015


**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lacs)			
Particulars	Note	Year Ended 31.03.2015	Year Ended 31.03.2014
I Gross Revenue from Operations	19	27,154.53	27,321.83
Less: Excise Duty		-	-
Net Revenue from Operations		27,154.53	27,321.83
II Other Income	20	1,729.03	838.60
III Total Revenue (I + II)		<u>28,883.56</u>	<u>28,160.43</u>
IV Expenses:			
Cost of Raw Materials Consumed	21	15,997.73	16,699.37
Purchases of Stock-in-Trade		317.26	346.03
Changes in Inventories	22	(397.24)	552.16
Employee Benefits Expense	23	2,945.62	2,382.23
Finance Costs	24	1,201.13	1,667.37
Depreciation and Amortization Expenses	10	1,730.39	1,098.91
Other Expenses	25	5,771.47	5,442.91
Total Expenses		<u>27,566.36</u>	<u>28,188.98</u>
V Profit /(Loss) Before Exceptional and Extraordinary Items and Tax (III-IV)		1,317.20	(28.55)
VI Exceptional Items	26	1,105.55	663.30
VII Profit/(Loss) before Tax (V-VI)		211.65	(691.85)
VIII Tax Expenses		-	-
IX Profit/(Loss) for the year (VII-VIII)		<u>211.65</u>	<u>(691.85)</u>
X Earning per Equity Share			
(1) Basic		1.20	(3.91)
(2) Diluted		0.70	(3.91)

Significant Accounting Policies

1

Notes referred from 1 to 41 above form an integral part of the Financial Statements

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

For &amp; on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership No. 034499

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lacs)

	Year Ended 31ST MARCH, 2015	Year Ended 31ST MARCH, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) before extraordinary items and tax	211.65	(691.85)
Adjustment for :		
Depreciation and Amortisation	1,730.39	1,098.91
(Profit) on Sale of Assets (net)	(2.20)	(26.40)
Interest Income	(1,041.79)	(10.79)
Finance Costs	1,201.13	1,667.37
Provision for Doubtful Trade Receivable	701.06	-
Doubtful Advances written off	404.49	388.40
Assets/CWIP Written off	-	274.90
Liabilities/Provisions no longer required written back	(408.58)	(171.97)
Net unrealised exchange gain	(207.04)	(511.54)
Operating Profit / (Loss) before Working Capital Changes	2,377.46	2,708.88
Changes in Working Capital:	2,589.11	2,017.03
Adjustments for (increase) / decrease in operating assets:		
Inventories	(438.43)	470.92
Trade Receivables	449.07	(39.08)
Short Term Loans and Advances	(67.77)	552.56
Long Term Loans and Advances	(85.62)	334.39
Other Currents Assets	(83.98)	(55.05)
Other Non Current Assets	(3.37)	(2.11)
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	2.04	(277.66)
Other Current Liabilities	(3,017.72)	3,019.81
Short Term Provisions	175.59	116.96
Cash generated from operation	(3,070.19)	4,120.74
Net income tax (paid) / refunds	(25.71)	(28.12)
<b>Net Cash from Operating Activities</b>	<b>(506.79)</b>	<b>6,109.65</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure on Fixed Assets, including capital advances	(497.76)	(552.75)
Proceeds from Sale of Fixed Assets (net of advance)	11.01	63.11
Proceeds from Sale of Long Term Investments	-	0.10
Interest received - Associates	1,012.48	-
Interest received - Others	29.31	10.79
<b>Net cash from / (used) in Investing Activities</b>	<b>555.04</b>	<b>(478.75)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Share application money received	297.50	-
Proceeds from / (Repayment) of Long Term Borrowing (Net)	2,416.56	(3,869.63)
Net increase / (decrease) in Working Capital Borrowings	(1,467.31)	358.06
Repayment of Other Short Term Borrowings	-	(35.33)
Buyback of FCCBs (net of Capital Reserve)	-	(434.14)
Finance Costs	(1,204.72)	(1,672.94)
Unpaid Dividend Account	(3.65)	(2.92)
<b>Net cash used in Financing Activities</b>	<b>38.38</b>	<b>(5,656.90)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	86.63	(26.00)
Cash and Cash Equivalent (Opening balances) as on 31-03-2014	310.98	336.98
Cash and Cash Equivalent (Closing balances) as on 31-03-2015	397.61	310.98

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

**MAHESH BHAGERIA**

Partner

Membership No. 034499

For & on behalf of the Board

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015





## NOTES ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

### Note - 1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of Financial Statements

The Financial statements have been prepared to comply with the generally accepted accounting policies in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 1.2 Revenue Recognition

Sales Revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer. Sales is exclusive of Inter Division Sales and Sales Tax, but inclusive of Excise Duty and Export Incentives.

All revenues, costs, assets and liabilities are accounted for on accrual basis, except where there is no reasonable certainty.

Insurance claims are accounted for on reasonable certainty of the admission of the claim and shortfall / excess, if any, is accounted for in the year of final settlement.

#### 1.3 Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimated are recognized in the period in which the results are known / materialized. This is in conformity with generally accepted accounting principles.

#### 1.4 Fixed assets and Capital work-in-progress

Fixed Assets are stated at cost of acquisition or construction after reducing accumulated depreciation. Cost is inclusive of freight, duties, levies, interest, installation charges and other incidental expenses incurred for bringing the assets to their working conditions for intended use or till the commencement of commercial production as the case may be. Incidental expenses include establishment expenses, administration expenses, labour charges and salaries.

In the case of new projects and in case of substantial modernization / expansion at existing units of the Company, all pre-operating expenditures specifically for the project, incurred upto the date of production, is capitalized and added pro-rata to the cost of fixed assets.

Capital work-in-progress includes incidental expenses pending allocation / apportionment in respect of the uninstalled / incomplete fixed assets.

CENVAT credit availed, if any, on capital goods are deducted from the cost of the fixed assets.

#### 1.5 Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

#### 1.6 Depreciation and Amortization

Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.

Depreciation on intangible assets is accounted on straight line basis over its 10 years useful life on prorata basis as per Accounting Standard - 6.

The lease premium on leasehold land is amortized over the period of lease agreement as per Accounting Standard - 6.

#### 1.7 Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is of such nature that disclosure of which improves the understanding of performance of the company. Such income or expense is classified as an exceptional item and accordingly disclosed in the financial statements.

#### 1.8 Investments

The Investments are carried at cost and necessary provision for erosion is made if called for. The provision for diminution in the value of long term investment is made only if such a decline is other than temporary in nature. The investments in subsidiaries are treated as long term with no diminution in values.

#### 1.9 Inventories

The inventories are valued at cost or net realizable value, whichever is lower and the cost is arrived as follows:

Raw materials and bought out items cost is at landing cost inclusive of all attributable expenses and is computed on First In First Out basis. CENVAT credit availed, if any, is reduced from the cost of raw material and the unutilized CENVAT credit is carried forward though Excise is currently not applicable to Embroidery and Yarn.



## **NOTES ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

Work-in-progress cost includes material cost, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Finished goods cost include material cost, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and excise duty, wherever applicable.

Excise duty though applicable on the manufacturing of yarn manufactured at Kala-amb, Himachal Pradesh, but is exempted till the year 2017 as per the notification no. 49/50/2003-CE dated 10.06.2003.

### **1.10 Employee Benefits**

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

### **1.11 Borrowing Cost**

Interest and other cost in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing cost are charged to Statement of Profit & Loss.

### **1.12 Foreign Currency Transactions**

Import and export sales transactions are accounted for at the rates of exchange prevalent on the date of transaction.

Gains and losses arising out of subsequent fluctuation in exchange rate are accounted for on the basis of actual payments and realizations and exchange difference arising there from is transferred to Statement of Profit and Loss.

Current Assets and Liabilities balances denominated in foreign currency at the year-end are translated at the year-end exchange rates, except in cases where borrowings are covered by forward exchange contracts, and the resulting exchange difference is recognized in the Statement of Profit and Loss. In case of liabilities related to the acquisition of fixed assets, the exchange difference is adjusted to the carrying cost of such assets.

### **1.13 Joint Venture**

The interest in Joint Venture / jointly controlled operations are disclosed as per Accounting Standard-27, with no effect of the profits or losses and assets and liabilities thereof in the financial statements.

### **1.14 Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For calculating the diluted earning per shares, the net profit or loss for the year attributable to equity shareholders is divided by the average weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### **1.15 Taxation**

Income-tax expense comprises Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset arising mainly on account of unabsorbed depreciation and carry forward losses under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. In view of the uncertainty to have taxable income in immediate future as a prudent, no deferred tax assets are recognized for the year.

### **1.16 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current best estimates.

All known liabilities are provided for and liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty are treated as Contingent and disclosed by way Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

### **1.17 Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard-3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.



**NOTE -2 SHARE CAPITAL**
**a) Details of authorised, issued and subscribed share capital:**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Authorised</b>				
Equity Shares of ₹10 each	20,000,000	2,000.00	20,000,000	2,000.00
Preference Shares of ₹10/- each	30,000,000	3,000.00	30,000,000	3,000.00
	<b>50,000,000</b>	<b>5,000.00</b>	<b>50,000,000</b>	<b>5,000.00</b>
<b>Issued</b>				
Equity Shares of ₹10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	22,990,830	2,299.08	26,740,830	2,674.08
	<b>40,689,924</b>	<b>4,068.99</b>	<b>44,439,924</b>	<b>4,443.99</b>
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	22,990,830	2,299.08	26,740,830	2,674.08
	<b>40,689,924</b>	<b>4,068.99</b>	<b>44,439,924</b>	<b>4,443.99</b>

**b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the financial year:**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Equity Shares</b>				
As at the beginning of the financial year	17,699,094	1,769.91	17,699,094	1,769.91
Add: Issued during the year	-	-	-	-
As at the end of the financial year	17,699,094	1,769.91	17,699,094	1,769.91
<b>Preference Shares</b>				
As at the beginning of the financial year	26,740,830	2,674.08	26,740,830	2,674.08
Add: Issued/(Surrendered) during the year (Refer Note 31(c))	(3,750,000)	(375.00)	-	-
As at the end of the financial year	22,990,830	2,299.08	26,740,830	2,674.08

**Rights, preferences and restrictions attached to Equity Shares:**

The Company has one class of Equity Shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In case of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Rights, preferences and restrictions attached to Preference Shares:**

The Company has one class of Optionally Convertible Cumulative Redeemable Preference Shares having a par value of ₹10 fully paid up per share issued consequent to Corporate Debt Restructuring. The preference shares do not carry voting rights, but carry right to a preference dividend at 9% p.a. effective October 2008. The preference shares are redeemable in 4 annual installments from September 30, 2015. Preference shares are convertible, as per the terms of issue, at a price to be computed as per SEBI guidelines.

**c) Details of Equity Shareholding more than 5% in the Company on reporting date:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Promoters</b>				
Raj Kumar Sekhani	2,045,718	11.56	2,045,718	11.56
<b>Promoters Group</b>				
Pioneer E Com Fashions Ltd.	6,481,726	36.62	6,481,726	36.62




**d) Details of Preference Shareholding more than 5% in the Company on reporting date:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Others</b>				
State Bank of India	6,325,000	27.51	6,325,000	23.65
Union Bank of India	5,126,360	22.30	5,126,360	19.17
EXIM Bank	4,998,700	21.74	4,998,700	18.69
HDFC Bank	4,263,000	18.54	4,263,000	15.94
Corporation Bank	1,822,770	7.93	1,822,770	6.82
State Bank of Patiala	-	-	3,750,000	14.02

**NOTE -3 RESERVE & SURPLUS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Capital Reserve</b>		
Opening Balance	12,255.88	7,485.74
Add: Consequent to Settlement of Loans (Refer Note 31(c))	573.533	4,671.33
Balance as at the end of the year	12,829.41	12,255.88
<b>Share Premium</b>	1,353.64	1,353.64
<b>Statement of Profit and Loss</b>		
Opening Balance	(4,762.34)	(4,070.49)
Add: Profit/(Loss) for the year	211.65	(691.85)
Balance as at the end of the year	(4,550.69)	(4,762.34)
	9,632.36	8,847.18

**NOTE -4 SHARE APPLICATION MONEY PENDING ALLOTMENT**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Share Application Money pending allotment	297.50	-
	297.50	-

**NOTE -4.1**

The Company has agreed to issue 8,50,000 equity shares on preferential basis to Edelweiss Assets Reconstruction Company Ltd. Trustee EARC Trust-SC 23 (assignee EXIM Bank) against unpaid interest of ₹297.50 lacs, payable on loan from EXIM Bank (since assigned to EARC).

**NOTE -5 LONG TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Secured Loans</b>		
(i) Term Loans from Banks	2,249.72	-
(ii) Funded Interest Term Loans from Banks	428.79	-
(iii) Working Capital Term Loans from Banks	467.19	553.44
(iv) Foreign Currency Term Loans from Banks	343.53	518.24
(v) Vehicle Loan from Banks	0.73	1.72
(Secured by hypothecation of respective vehicle - Terms of Repayment - Equated monthly installment)		
(vi) Loan from Life Insurance Corporation of India (secured by assignment of Keyman Insurance Policy)	50.56	50.56
	3,540.52	1,123.96

**NOTE -5.1**

Term Loans and Funded Interest Term Loan from Kotak Mahindra Bank Ltd (assignee HDFC Bank Ltd.) and Edelweiss ARC (assignee EXIM Bank) (EARC) are secured by first pari passu charge over all fixed assets of the Company both present & future with other term lenders, except machinery under exclusive charge to Landes Bank Baden Wurttemberg, and further secured by second charge over current assets of the Company and by personal guarantee of the Chairman of the Company. Term Loan from Kodak Mahindra Bank Ltd. is further secured by personal guarantee of Mrs Bimla Devi Sekhani, wife of the chairman of the Company.

The Working Capital Term Loan from Union Bank of India is secured by first pari passu charge over fixed assets of the Company both present & future with other term lenders and is further secured by second charge over current assets of the Company & by personal guarantee of Chairman of the Company. Foreign Currency Term Loan from Landes Bank Baden Wurttemberg is secured by exclusive charge on machinery imported from Barmag of Germany for Dope Dyed Polyester Yarn Unit.

**Terms of Repayment and interest:**

- i) Loan of EARC (₹1515 lacs) is repayable over 5 years from February 2015 to March 2020 and carries no interest.
- ii) Loan of Kotak Mahindra Bank Ltd (₹1702 lacs) has been settled for ₹1300 lacs, is repayable over 4 years from September 2015 to February 2019 and carries interest @22% p.a.
- iii) Working Capital Term Loan from Union Bank of India is repayable in 14 quarterly installments ending September 2018 and carries interest @16.75% p.a. presently.
- iv) Foreign Currency Term Loan from Landes Bank Baden Wurttemberg is repayable in 7 half yearly instalments ending September 2018 and presently carries interest @0.60% p.a. presently.

**NOTE -6 SHORT TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Secured</b>		
<b>Loans Repayable on Demand</b>		
Cash Credit from Banks	3,434.11	4,901.42
	<u>3,434.11</u>	<u>4,901.42</u>

**NOTE -6.1**

Cash Credit Loans are secured by first pari passu charge by hypothecation of stocks, book debts and second charge on all fixed assets, both present and future and further secured by corporate guarantee of Hakoba Lifestyle Limited, a subsidiary of the Company and personal guarantee of the Chairman of the Company.

**NOTE -7 TRADE PAYABLES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Trade Payables</b>		
For Goods	982.96	1,121.85
For Services / Others	869.08	728.15
	<u>1,852.04</u>	<u>1,850.00</u>

**NOTE -7.1**

Trade Payables include outstanding from a related enterprise Kiran Industries Pvt. Limited of ₹22.03 lacs (Nil).


**NOTE -8 OTHER CURRENT LIABILITIES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>a) Current maturities of Long Term Debt - Secured</b>		
(i) Term Loans from Banks	868.66	3,542.51
(ii) Funded Interest Term Loans from Banks	332.05	984.27
(iii) Working Capital Term Loans from Banks	1,945.53	1,826.97
(iv) Foreign Currency Term Loan from Bank	114.51	830.93
(v) Vehicle Loan from Bank	0.99	1.33
<b>b) Interest provided</b>		
(i) Term Loans from Banks	547.56	786.33
(ii) Funded Interest Term Loans from Banks	170.48	178.44
(iii) Working Capital Term Loans from Banks	619.23	503.23
(iv) Foreign Currency Term Loan from Bank	1.68	106.90
(v) Loan from Life Insurance Corporation of India	14.85	10.26
c) Provision for Interest on Secured & Unsecured Bank Loans	5.11	8.70
d) Unpaid Dividends	-	3.65
e) Advance from Customers	411.66	298.92
f) Liability for Capital Expenditure	152.30	60.92
g) Book Overdraft	-	0.52
h) Statutory Dues	41.75	51.57
i) Remuneration payable to Directors	2.18	15.10
j) Advance from Crystal Lace (I) Ltd	330.66	-
k) To Others	222.78	203.50
	<b>5,781.98</b>	<b>9,414.05</b>

**NOTE - 8.1**

The long term debt was restructured under CDR Scheme and was repayable over period from October 1, 2010 to December 30, 2018. Consequent to Company's inability to meet its commitments under CDR package, the CDR Scheme was withdrawn.

Save for the banks, where of term loans are being paid as per schedule, other term loans balances have been considered as current liabilities and included in Note 8(a) above. However, the interest on such loans is being provided as per CDR terms.

All these Secured Loans are secured by first pari passu charge over fixed assets of the Company both present & future with each other, except machinery under exclusive charge to Landes Bank Baden Wurttemberg, and further secured by second charge over current assets of the Company and by personal guarantee of the Chairman of the Company.

**NOTE - 8.2**

Advance from customers includes advance of ₹35.16 lacs (₹44.18 lacs) received from Kiran Industries Pvt. Limited, a related enterprise.

**NOTE -9 SHORT TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Provision For Employee Benefits</b>		
Salary/Wages Payable	444.78	330.22
Contribution to Funds	16.27	10.32
Provision for Gratuity	209.71	154.63
	<b>670.76</b>	<b>495.17</b>



# PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



PIONEER GROUP

## NOTE -10 FIXED ASSETS

(₹ in lacs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2014	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2015	As at 01.04.2014	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
	<b>Tangible Assets:</b>										
1	Land - Owned	468.46	-	-	468.46	-	-	-	-	468.46	468.46
	- Leasehold	29.82	-	-	29.82	4.40	0.31	-	4.71	25.11	25.42
2	Buildings	3,508.59	109.88	-	3,618.47	941.50	111.36	-	1,052.86	2,565.61	2,567.09
	- Lift	34.07	4.23	-	38.30	8.95	5.18	-	14.13	24.17	25.12
3	Plant & Machineries	13,811.54	206.94	8.85	14,009.63	8,110.77	1,298.26	2.76	9,406.27	4,603.36	5,700.77
4	Furniture & Fixtures	281.68	0.07	-	281.75	176.40	51.67	-	228.07	53.68	105.28
5	Vehicles	221.40	0.57	0.78	221.19	162.13	27.62	0.55	189.20	31.99	59.27
6	Office Equipments	116.68	9.80	-	126.48	58.87	51.52	-	110.39	16.09	57.81
7	Computers	227.32	8.21	-	235.53	210.07	14.33	-	224.40	11.13	17.25
8	Electrical Installations	857.53	3.04	-	860.57	254.91	155.66	-	410.57	450.00	602.62
9	Borewell	13.83	-	3.00	10.83	2.49	5.00	0.70	6.79	4.04	11.34
	<b>Sub Total</b>	<b>19,570.92</b>	<b>342.74</b>	<b>12.63</b>	<b>19,901.03</b>	<b>9,930.49</b>	<b>1,720.91</b>	<b>4.01</b>	<b>11,647.39</b>	<b>8,253.64</b>	<b>9,640.43</b>
	<b>Intangible Assets:</b>										
10	Computer Softwares	78.24	6.76	0.76	84.24	35.45	9.48	0.57	44.36	39.88	42.79
	<b>Sub Total</b>	<b>78.24</b>	<b>6.76</b>	<b>0.76</b>	<b>84.24</b>	<b>35.45</b>	<b>9.48</b>	<b>0.57</b>	<b>44.36</b>	<b>39.88</b>	<b>42.79</b>
	<b>Total</b>	<b>19,649.16</b>	<b>349.50</b>	<b>13.39</b>	<b>19,985.27</b>	<b>9,965.94</b>	<b>1,730.39</b>	<b>4.58</b>	<b>11,691.75</b>	<b>8,293.52</b>	<b>9,683.22</b>
	Previous Year	19,491.31	527.53	369.68	19,649.16	9,200.00	1,098.91	332.97	9,965.94	9,683.22	
	<b>Capital Work-in-progress</b>									<b>494.12</b>	<b>345.86</b>
										<b>8,787.64</b>	<b>10,029.08</b>

### NOTE 10.1

Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.

### NOTE 10.2

Capital Work in progress includes:

- a sum of ₹22.15 lacs for renovation of machines at Kallakruchi till the assets of Arcot Textile Mill Limited are transferred in favor of the Company.
- a sum of ₹471.97 lacs spent for ongoing expansion at Kala-amb and Sarigam unit.

**NOTE -11 NON-CURRENT INVESTMENTS**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Quoted Investments</b>				
<b>In Other Entities</b>				
RLF Limited (listing suspended) (Equity shares of Face Value of ₹10/- each) (Cost ₹5,566/- less provision made ₹5,565/-)	1,000	-	1,000	-
Padmini Technologies Limited (listing suspended) (Equity shares of Face Value of ₹10/- each) (Cost ₹1,756,253/- less provision made ₹1,756,252/-)	68,939	-	68,939	-
<b>Unquoted Investments</b>				
<b>a) Investment in Subsidiaries</b>				
Hakoba Lifestyle Limited (Refer Note 17.1) (Equity shares of Face Value of ₹10/- each)	11,470,000	1,147.00	11,470,000	1,147.00
Mas Embroideries Private Limited (Refer Note 17.2) (Equity shares of Face Value of ₹10/- each)	2,225,200	37.88	2,225,200	37.88
S R Investments Limited (Refer Note 17.3) (Equity shares of Face Value of USD 1 each)	100,000	1,029.66	100,000	1,029.66
Pioneer Realty Limited (Equity shares of Face Value of ₹10/- each)	50,000	5.00	50,000	5.00
<b>b) In Other Entities</b>				
The Greater Bombay Co-op. Bank Limited (Equity shares of Face Value of ₹25/- each)	40	0.01	40	0.01
Crystal Lace India Limited (Equity shares of Face Value of ₹10/- each)	4,400,000	440.00	4,400,000	440.00
<b>c) In Government Securities</b>				
National Saving Certificates (Lodged with Sales Tax Department)		0.09		0.09
	<b>18,315,179</b>	<b>2,659.64</b>	<b>18,315,179</b>	<b>2,659.64</b>

**NOTE -12 LONG TERM LOANS & ADVANCES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
a) Capital Advances (unsecured, considered good)	209.02	127.43
b) Security Deposits (unsecured, considered good)	158.58	154.55
c) Income Tax Refund Receivable (net)	125.52	99.81
d) Other Loans and Advances (unsecured, considered good)		
Advances to Arcot Textile Mills Ltd.	975.00	975.00
Other Advances	650.88	650.88
	<b>2,119.00</b>	<b>2,007.67</b>

**NOTE - 12.1**

- a) Capital advance of ₹209.02 lacs has been given to building contractors and to suppliers of plant & machineries at Dope Dyed Yarn unit at Kalamamb.
- b) Advances to Arcot Textile Mills Limited (ATML) (a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹1,105.00 lacs on lump sum sale basis out of FCCBs funds pursuant to MOU dated 20th December, 2007. The transfer of assets in favour of the Company was subject to deregistration of ATML from BIFR. Due to inordinate delay in deregistration from BIFR, it had been agreed that ATML will return the above advance vide their confirmation letter dated 5th October, 2012. Accordingly, ₹130.00 lacs has been returned by ATML till previous year.

**NOTE - 12.2**

Other advances of ₹650.88 lacs (₹650.88 lacs) given to various parties for purchase of properties. As the agreement are not taking place, the Company is seeking the refund of advances given. As per the management, said amounts are considered good and fully recoverable. These balances are subject to confirmation from the parties.

**NOTE -13 OTHER NON CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Fixed Deposit</b>		
Fixed Deposit in Banks with more than 12 months maturity	34.67	31.30
	<u>34.67</u>	<u>31.30</u>

**NOTE -14 INVENTORIES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
(As certified by Management)		
a) Raw Materials	650.07	623.35
b) Work-in-progress	466.19	367.22
c) Finished Goods	2,125.48	1,827.21
d) Store & Spares	52.34	47.41
e) Packing Material	30.36	20.82
	<u>3,324.44</u>	<u>2,886.01</u>

**NOTE -15 TRADE RECEIVABLES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Unsecured</b>		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	1,870.49	2,456.47
Considered Doubtful/Bad	701.06	-
Less: Provision for Doubtful Trade Receivables	<u>(701.06)</u>	<u>-</u>
	<u>1,870.49</u>	<u>2,456.47</u>
<b>Others</b>		
Considered Good	1,634.98	2,199.13
	<u>3,505.47</u>	<u>4,655.60</u>

**NOTE -15.1**

Trade receivable include outstanding from:

- a) Subsidiary Company Hakoba Lifestyle Ltd of ₹1,546.97 lacs (₹1,546.97 lacs) since long time.
- b) Related enterprise Thakurdas & Co. Pvt. Ltd. of ₹67.78 lacs (₹46.69 lacs).



**NOTE -16 CASH & CASH EQUIVALENTS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
a) Balances with Banks		
In Current Accounts	280.01	276.25
b) Cash in hand	117.60	34.73
	<b>397.61</b>	<b>310.98</b>

**NOTE -17 SHORT TERM LOANS & ADVANCES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Short Term Loan &amp; Advances to Related Parties</b>		
Loans and Advances to Subsidiaries/JV (unsecured, considered good)		
Hakoba Lifestyle Ltd.	1,940.72	1,314.51
Mas Embroideries Pvt. Ltd.	77.82	78.79
Pioneer Realty Ltd.	51.88	51.62
S R Investments Ltd. (considered doubtful)	163.52	545.41
Super Industries DMCC (JV)	4,634.27	4,449.83
Loans and Advances to Related Parties (unsecured, considered good)		
Pioneer E-com Fashion Ltd.	1,045.47	1,075.47
Crystal Lace (I) Ltd.	-	576.23
<b>Short Term Loan &amp; Advances to Other Parties</b>		
Advances recoverable in cash or in kind	169.25	149.87
Loan & Advance to Staff	39.77	44.09
Prepaid Expenses	31.88	14.75
Other Advances and Balances	76.95	60.64
	<b>8,231.53</b>	<b>8,361.21</b>

**NOTE - 17.1**

The Company has an investment of ₹1,147.00 lacs (₹1,147.00 lacs) in Hakoba Lifestyle Limited (HLL), a subsidiary of the Company and it also has trade receivable of ₹1,546.97 lacs (₹1,546.97 lacs) and loans and advances of ₹1,940.72 lacs (₹1,314.51 lacs) recoverable from HLL. The accumulated losses of HLL as at 31st March, 2015 amounting to ₹7,363.74 lacs have exceeded the net worth of the said Company. Having regard to the long term strategic investment, the diminution in the value of investments is considered to be temporary and accordingly no provision has been made.

**NOTE - 17.2**

The Company has an investment of ₹37.88 lacs (₹37.88 lacs) in Mas Embroideries Private Limited (MAPL), a wholly owned subsidiary of the Company. It has also given loans and advances of ₹77.82 lacs (₹78.79 lacs) to MAPL. The accumulated losses of MAPL as at 31st March, 2015 amounting to ₹328.70 lacs have exceeded the net worth of the said company. Having regard to the long term strategic investment, the diminution in the value of investments is considered to be temporary and accordingly no provision has been made.

**NOTE - 17.3**

- The Company had invested USD 2.585 mn. (₹1,029.66 lacs) in its wholly owned overseas subsidiary S.R Investments Limited (SRIL). The accounting year of SRIL closes on 30th June every year.
- The Company had advanced an optionally convertible loan of USD 2.20 mn. (₹1,322.20 lacs) to SRIL out of FCCBs funds. The Company has written off USD 0.65 mn. (USD 0.65 mn.) as bad debts out of the same as per general permission under FEMA. The outstanding loan as at the year end is ₹163.52 lacs (₹545.41 lacs).

**NOTE - 17.4**

The Company had invested USD 1.26 mn. (₹509.92 lacs) in an overseas Joint Venture with M/s Super Industries DMCC to acquire 10% stake thereof and further advanced an optionally convertible loan of USD 3.70 mn. (₹2,315.86 lacs) out of FCCBs funds. As the Joint Venture failed, the said investment was treated as loan by the Company. This outstanding balance is subject to confirmation.

**NOTE - 17.5**

Interest free unsecured loans and advances of ₹1,045.47 lacs (₹1,075.47 lacs) to Pioneer E-com Fashion Ltd, an associate company is considered good of recovery as per the management of the Company.

**NOTE -18 OTHER CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
(Unsecured, considered good)		
<b>Other Loans and Advances</b>		
Accrued Export and Other Incentives	205.66	118.95
Insurance Claim Receivables	0.60	-
Interest Receivables (TUF)	12.00	15.33
	<b>218.26</b>	<b>134.28</b>

**NOTE -19 REVENUE FROM OPERATIONS**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Sale of Products - Yarn, Embroidery Fabric &amp; Laces*</b>		
Domestic Sales	22,652.74	23,205.18
Export Sales	3,874.09	3,609.45
Other Operating Revenue (Export Incentives)	627.70	507.20
Gross Revenue from Operations	<b>27,154.53</b>	<b>27,321.83</b>
Less: Excise duty	-	-
	<b>27,154.53</b>	<b>27,321.83</b>

**\*Detail of Sale of Products**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Manufactured Goods</b>		
Dope Dyed Polyester Yarn	20,713.15	21,211.78
Embroidered Fabric & Laces	5,175.81	4,716.57
Spun Yarn	1.72	324.26
	<b>25,890.68</b>	<b>26,252.61</b>
<b>Traded Goods</b>		
Embroidered Fabric & Laces	636.15	562.02
	<b>636.15</b>	<b>562.02</b>
	<b>26,526.83</b>	<b>26,814.63</b>

**NOTE -19.1**

Sales includes Sales made to related enterprises M/s J J Sons ₹63.54 lacs (₹67.95 lacs), Thakurdas & Co. Pvt. Ltd. ₹280.46 lacs (₹198.40 lacs) and Kiran Industries Pvt. Ltd ₹445.46 lacs.



**NOTE -20 OTHER INCOME**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest on Loan to Associate Concern*	1,012.48	-
Interest from Others	29.31	10.79
Adjustments to Carrying Amount of Loan given to Subsidiary/JV(Net)	207.04	511.54
Profit on Fixed Assets sold (Net)	2.20	26.40
Liabilities/Provisions no longer required written back	408.58	171.97
Misc. Non Operating Income (Net)	37.94	9.71
Gain on Exchange Rate Difference (Net)	31.48	108.19
	<b>1,729.03</b>	<b>838.60</b>

\*Prior period income

**NOTE -21 COST OF MATERIAL CONSUMED**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Cost of Raw Material Consumed</b>		
Opening Stock	623.35	552.44
Purchases during the year	<b>16,024.45</b>	<b>16,770.28</b>
	<b>16,647.80</b>	<b>17,322.72</b>
Less:- Closing Stock	<b>650.07</b>	<b>623.35</b>
	<b>15,997.73</b>	<b>16,699.37</b>

**NOTE -21.1**

Purchases include purchases made from related enterprises M/s J J Sons ₹21.29 lacs (₹22.35 lacs) and Kiran Industries Pvt. Ltd. ₹115.85 lacs (₹28.81 lacs).

**NOTE -22 CHANGE IN INVENTORIES**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Opening Inventories		
Work-in-Progress	367.22	359.01
Finished Goods	<b>1,827.21</b>	<b>2,387.58</b>
	<b>2,194.43</b>	<b>2,746.59</b>
Less: Closing Inventories		
Work-in-Progress	466.19	367.22
Finished Goods	<b>2,125.48</b>	<b>1,827.21</b>
	<b>2,591.67</b>	<b>2,194.43</b>
	<b>(397.24)</b>	<b>552.16</b>

**NOTE -23 EMPLOYEE BENEFITS EXPENSE**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
a) Salaries, Wages and Incentives	2,731.29	2,208.67
b) Contribution to Funds	86.55	66.29
c) Staff Welfare Expenses	127.78	107.27
	<b>2,945.62</b>	<b>2,382.23</b>



**NOTE -24 FINANCE COSTS**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest expense		
a) Interest on Borrowings	1,213.56	1,379.09
b) Interest - Others	39.30	53.72
c) Other Borrowing Costs	23.39	31.79
d) Net Gain/Loss on Foreign Currency Transactions and Translation	(75.12)	202.77
	<u>1,201.13</u>	<u>1,667.37</u>

**NOTE -25 OTHER EXPENSES**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Directors Remuneration	80.75	80.55
Directors Sitting Fees	1.05	0.20
Donations	0.13	0.10
Insurance	24.55	23.91
Job Charges	260.84	257.94
Legal & Professional Fees	114.18	99.39
Miscellaneous Expenses	523.39	535.27
Packing Material Consumed	915.32	879.12
Payment to Auditors*	12.92	12.95
Power & Fuel	1,994.47	1,901.50
Rates & Taxes	41.22	20.23
Rent	97.25	97.18
Repair & Maintenance Buildings	23.53	22.00
Repair & Maintenance Plant & Machinery	81.81	59.91
Repair & Maintenance Others	65.48	58.55
Selling Expenses	1,212.00	1,112.04
Stores & Spares Consumed	322.58	282.07
	<u>5,771.47</u>	<u>5,442.91</u>

**\* Details of payment to Auditors**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
a) for Statutory Audit	12.92	12.92
b) for Taxation Matter	-	-
c) for Other Services	-	0.03
	<u>12.92</u>	<u>12.95</u>

**NOTE -26 EXCEPTIONAL ITEMS**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Doubtful Advances written off	404.49	388.40
Provision for Doubtful Trade Receivable	701.06	-
Assets/CWIP written off	-	274.90
	<u>1,105.55</u>	<u>663.30</u>

**NOTE -26.1**

- Company has written off advances to subsidiary S R Investments Ltd of ₹404.49 lacs (₹388.39 lacs) as per general permission under FEMA, as management find it non recoverable.
- Company has made provision for doubtful trade receivable related to export receivables under litigation of ₹701.06 lacs during the year.

**NOTE - 27 CONTINGENT LIABILITIES**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
a) Bank Guarantees Outstanding.	54.24	52.64
b) Corporate Guarantee on behalf of Subsidiary to Banks.	750.00	3,050.00
c) Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances).	984.70	17.50
d) Assessment Order of Customs Duty for Import of second hand computerised embroidery machines for which appeal has been filed with Honorable Supreme Court (Net of advances).	-	18.40
e) Demand raised by Excise Department in respect of which appeal has been filed.	46.14	46.14
f) Demand raised by Income-tax Department in Block Assessment order U/s 158A for the period from FY 1998-99 to FY 2003-04 in respect of which appeal has been filed with CIT (Appeal).	49.01	49.01
g) Other Income Tax matters pending in appeal.	13.33	106.76
h) Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS).	1,344.96	1,323.68
i) Custom Duty on Capital Goods and Raw Materials imported under Advance Licence / EPCG Scheme, against which export obligation is to be fulfilled.	46.00	32.12
j) Service Tax demand raised by the Service Tax Department.	128.08	128.08
k) Sundry Cases in Labour Court and Industrial Court regarding overtime and backwages being contested by the Company. (*Quantum not ascertainable)	N A*	N A*

There is no contingent liability other than stated above and adequate provision have been made for all known liabilities, except interest and penalties as may arise.

**NOTE 28 Loans and Advances includes amount due from Subsidiaries / JV:**

(₹ in lacs)

Particulars	Current Year 31-03-2015		Previous Year 31-03-2014	
	Closing Balance	Maximum due	Closing Balance	Maximum due
a) Hakoba Lifestyle Limited	1,940.72	1,940.72	1,314.50	1,339.51
b) Mas Embroideries Private Limited	77.82	79.67	78.79	81.01
c) S.R Investments Limited	163.52	545.51	545.51	845.07
d) Pioneer Realty Limited	51.88	51.88	51.62	51.62
e) Super Industries DMCC (JV)	3,104.50 (Loan) 1,529.77 (Service Charges)	4,634.27	2,980.95 (Loan) 1,468.88 (Service Charges)	4,449.83

**NOTE 29** Some of the fixed deposits and bank accounts are subject to confirmations though reconciled with available bank statements. Some of the secured loans are also subject to confirmations though reconciled with bank statements.

**NOTE 30** In the opinion of the management, there is no impairment of assets as on Balance Sheet date.

**NOTE 31** a) As reported in earlier years, the Company had entered into a Corporate Debt Restructuring scheme (CDR Scheme) with its lenders. As the Company was unable to meet its obligations under CDR Scheme since second quarter of FY 2011-12, the lenders have revoked the CDR package, with approval of CDR-EG.

b) State Bank of India (SBI) had issued demand notice for recovery of their outstanding dues under SARFAESI. The Company has, however, arrived at one time settlement (OTS) with SBI.

In terms of a OTS with State Bank of India, the Company has to pay a sum of ₹3,500.00 lacs, in full and final settlement of the Bank's dues on or before May 25, 2015. The Company has paid a sum of ₹1,881.87 lacs as against ₹2,966.00 lacs as per agreed repayment schedule. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.

c) The Company has fully paid off dues of State Bank of Patiala in terms of OTS arrived at with the bank. Accordingly the Company has reversed the interest liability of ₹397.21 lacs and the principal amount of ₹198.53 lacs. The OCCRPS held by the Bank were surrendered by them in terms of OTS and were cancelled. As per the legal expert opinion in the past, the Company has treated the interest reversal as monetary item and credited the same to Statement of Profit and Loss and the principal amount as non-monetary item and credited the same to Capital Reserve.

d) Loans of HDFC Bank Ltd and EXIM Bank have been assigned by the banks to Kotak Mahindra Bank Ltd (KMBL) and Edelweiss ARC (EARC) respectively, during the year. The Company as arrived at a settlement with KMBL and EARC. The necessary adjustment in the books will be done after the due compliance of the terms and conditions of the settlement.

e) The Company also continues to explore settlement / restructuring options with other individual lenders.

**NOTE 32** During the year, the Company has paid a sum of ₹4.32 lacs (₹7.20 lacs) as premium towards the Key man Insurance policy taken for Mr. Raj Kumar Sekhani, Chairman of the Company.

**NOTE 33** As per management, realisable value of current assets, deposits, loans and advances in the ordinary course of business will be at least equal to the amount at which they have been stated in the financial statements.

**NOTE 34** The sundry debit and credit balances including receivables, payables and advances to suppliers, advances from customers and deposits are subject to confirmation and reconciliations, the effect of which is not known.

**NOTE 35** Dues to Small Scale Industries undertakings and dues to Micro Enterprises and Small Enterprises:

The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since, the relevant information is not readily available; no disclosures have been made in the Accounts. However, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.

**NOTE 36** The Company operates in a single segment of Textiles.

**NOTE 37** Disclosures pursuant to Accounting Standard-15 "Employee Benefits"

a) The Company has recognized ₹108.00 lacs (₹45.52 lacs) in the statement of Profit and Loss for the year ended 31st March, 2015 under Defined Contribution Plan.

b) Details of Defined Benefit Plan:

Particulars	31st March, 2015		31st March, 2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>I Changes in Present Value of Obligations</b>				
a) Present Value of Obligation as at the beginning of the year*	154.63	29.22	118.25	32.70
b) Interest Cost	13.63	2.43	9.22	2.42
c) Current Service Cost	41.19	41.89	30.21	28.58
d) Benefits Paid	(9.65)	(4.95)	(7.51)	(5.11)
e) Actuarial (Gain)/Loss on Obligation	9.04	(0.18)	4.46	(29.37)
f) Present Value of Obligation as at the end of the year	208.84	68.41	154.63	29.22
<b>II Changes in Fair Value of Plan Assets</b>				
a) Fair Value of Plan Assets at beginning of the year	-	-	-	-
b) Adjustment to Opening Fair Value of Plan Assets	-	-	-	-
c) Expected Return on Plan Assets	-	-	-	-
d) Contributions	9.65	4.95	7.51	5.11
e) Benefit Paid	(9.65)	(4.95)	(7.51)	(5.11)
f) Actuarial Gain/(Loss) on Plan Assets	-	-	-	-
g) Fair Value of Plan Assets as at the end of the year	-	-	-	-
<b>III Amounts to be recognized in the Balance Sheet</b>				
a) Present Value of Obligation at end of the year	208.84	68.41	154.63	29.22
b) Fair Value of Plan Assets at end of the year	-	-	-	-
c) Funded Status	(208.84)	(68.41)	(154.63)	(29.22)
d) Unrecognized Actuarial Gain/(Loss)	-	-	-	-
e) Net Asset/(Liability) recognized in the Balance Sheet	208.84	68.41	(154.63)	(29.22)
<b>IV Expense recognized in the Statement of P &amp; L</b>				
a) Current Service Cost	41.19	41.89	30.21	28.58
b) Interest Cost	13.63	2.43	9.22	2.42
c) Expected Return on Plan Assets	-	-	-	-
d) Net Actuarial (Gain)/Loss recognized for the year	9.04	(0.18)	4.46	(29.37)
e) Expense recognized in the Statement of P & L	63.86	44.14	43.89	1.63
<b>V Actuarial Assumptions</b>				
a) Discount Rate (%)	7.90	7.90	9.10	9.10
b) Rate of Increase in Compensation (%)	7.50	7.50	7.50	7.50
c) Expected Rate of Return on Plan Assets (%)	7.50	7.50	7.50	7.50





**NOTE 38 Earning per Equity Share**

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Net Profit/(Loss) for the year attributable to Equity Shareholders ( ₹ in lacs)	211.65	(691.85)
Weighted Average Number of Equity Shares of ₹10/- each (fully paid-up)	17,699,094	17,699,094
Earning per Share- Basic (₹)	1.20	(3.91)
Diluted (₹)	0.70	(3.91)

**NOTE 39 Related Party Disclosures :**

**a) Names of Related Parties and Nature of Relationships**

i	Subsidiaries	Hakoba Lifestyle Ltd. Mas Embroideries Pvt. Ltd. Pioneer Realty Ltd. S.R Investments Ltd, Mauritius
ii	Associate Concerns	Pioneer E-Com Fashions Ltd. Reach Industries Pvt. Ltd. Crystal Lace (I) Ltd.
iii	Joint Venture	M/s Super Industries, DMCC
iv	Key Management Personnel	Shri Raj Kumar Sekhani Shri Harsh Vardhan Bassi
v	Relative of Key Management Personnel & their Enterprises	Smt. Bimla Devi Sekhani Shri Aarav Sekhani Shri Vishal Sekhani M/s J J Sons Kiran Industries Pvt. Ltd. Thakurdas & Co. Pvt Ltd.

**b) Transactions during the year**

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
		(₹ in lacs)
i) Sales		
Relative of Key Management Personnel & their enterprises	789.46	226.35
ii) Purchases		
Relative of Key Management Personnel & their enterprises	137.14	51.17
iii) Income from Interest on Loans/Advances		
Associate Concerns	1,012.48	-
iv) Payment for Other Services		
Key Management Personnel (Remuneration to Whole Time Directors)	80.75	80.45
Relative of Key Management Personnel & their Enterprises	13.49	6.69
v) Guarantee Taken		
Relative of Key Management Personnel & their Enterprises	1,300	-
vi) Loan & Advances Given/(taken)/(recovered)		
Subsidiaries	625.50	21.78
Associate Concerns	(936.89)	(563.75)
vii) Balance outstanding as at the year end		
Subsidiaries	3,780.91 Dr	3,537.30 Dr
Associate Concerns	688.85 Dr	1,662.82 Dr
Joint Venture	4,634.27 Dr	4,449.83 Dr
Key Management Personnel	0.13 Cr	5.09 Cr
Relative of Key Management Personnel & their enterprises	5.30 Cr	4.17 Dr

**NOTE - 40 Additional Information**

**a) Value of imported and indigenous Raw Material and Spare Parts consumed:**

Particulars	%	31-03-2015 ₹ in lacs	%	31-03-2014 ₹ in lacs
<b>Raw Material/Purchases:</b>				
Imported	1.78	290.41	1.44	245.60
Indigenous	98.22	16,024.58	98.56	16,799.80
<b>Store &amp; Spares:</b>				
Imported	2.60	8.39	4.53	12.78
Indigenous	97.40	314.19	95.47	269.29
<b>Particulars</b>		<b>Year Ended 31.03.2015 ₹ in lacs</b>		<b>Year Ended 31.03.2014 ₹ in lacs</b>

**b) Value of Imports on CIF Basis:**

Raw Materials	248.24	249.91
Capital Goods	39.13	19.23
Stores & Spares	5.49	12.79

**c) Expenditure in Foreign Currency (On Payment basis) :**

Travelling	12.11	17.43
Professional & Technical Services	15.64	23.35
Interest Paid	31.05	53.50
Bank Charges	0.47	4.25
Selling Expenses	22.01	8.46

**d) Earnings in Foreign Currency :**

Export Turnover (Net)	3,874.09	3,609.45
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**NOTE - 41** The previous year's figure have been regrouped and reclassified to confirm to current year's classification.

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

**MAHESH BHAGERIA**

Partner

Membership No. 034499

For & on behalf of the Board

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015

## CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Pioneer Embroideries Limited,

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pioneer Embroideries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹(75.00) lacs as at 31st March, 2015, total revenues of ₹ nil and net cash flows amounting to ₹ nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements / financial information of one subsidiary whose financial statements / financial information reflect total assets of ₹(307.81) lacs as at 31st March, 2015, total revenues of ₹ nil and net cash flows amounting to ₹ nil for the year ended on that date,





as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹488.30 lacs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of one associate whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, and associate company incorporated in India, none of the directors of the Group companies and its associate incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.
    - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and the associate company incorporated in India.

**For M B A H & CO**  
Chartered Accountants  
(Firm Registration Number: 121426W)

**MAHESH BHAGERIA**  
Partner  
Membership Number: 034499

Place : Mumbai  
Date : 21<sup>st</sup> May, 2015

## Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements, of our report of even date to the members of Pioneer Embroideries Limited on the consolidated financial statements for the year ended March 31, 2015.

- i. a) The Group and its associate are maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, fixed assets, according to the practice of the Group and its associate, are physically verified by the respective management in accordance with the phased verification program, which, in our opinion, is reasonable having regards to the size of the Group and its associate and the nature of their fixed assets. No material discrepancies have been noticed on such verification.
- ii. a) As explained to us, the physical verification of inventories has been conducted at reasonable intervals by the respective management.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the respective management are reasonable and adequate in relation to the size of the Group and its associate and the nature of their business.
- c) In our opinion and according to the information and explanations given to us, the Group and its associate is maintaining proper records of inventories and there were no material discrepancies noticed on physical verification.
- iii. a) As per the information and explanation given to us and the records produced before us for verification, the Group and its associate has granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act.
- b) As explained to us, receipt of principal amount is on demand basis and there is no fixed repayment schedule. All these loans are interest free.
- c) There is no overdue amount more than rupees one lakh as these loans are on demand basis.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of each company and the nature of their businesses, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Group and its associate, and according to the information and explanations given to us, we have neither come across nor have been informed of, any continuing failure to correct major weaknesses in the internal control system.
- v. In our opinion and according to the information and explanations given to us, the Group and its associate has not accepted deposits, in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act.
- vii. a) According to the information and explanations given to us, the Group and its associate are generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities except TDS of ₹35.64 lacs, Profession Tax of ₹2.75 lacs, P.F. ₹0.07 lacs, E.S.I.C. ₹0.58 lacs, VAT/CST of ₹1.57 lacs, F.B.T. of ₹6.38 lacs and MLWF ₹0.11 lacs which are in arrears in case of one subsidiary, as at 31st March, 2015 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, details of dues of income-tax or sales-tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess, which have not been deposited as on 31st March, 2015 on account of any dispute are given below:

Particulars	Year to which the matter pertains	Forum where matter is pending	Amount (₹ in lacs)
Duty of excise	F.Y. 2001-02	Commissioner Appeal	46.14
Income-tax	Block A.Y. 1999-00 to 2004-05	CIT (Appeals)	49.01
Income-tax	A.Y. 2002-03	CIT (Appeals)	13.33
Service-tax	F.Y. 2007-08 to 2010-11	Commissioner Appeal	128.08
Sales-tax	F.Y. 2005-06	Deputy Commissioner (Appeal)	25.89

- c) In our opinion and according to the information and explanations given to us, amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act and Rules made thereunder has been transferred to such fund within time.



- viii. All the subsidiaries' and associate's accumulated losses at the end of the financial year are more than fifty per cent of their net worth. Two subsidiaries have cash losses in the financial year and in the immediately preceding financial year.

On Consolidated basis, the Group and its associate have accumulated losses at the end of the financial year which is less than fifty per cent of the net worth and it has not incurred cash losses in the financial year and in the immediately preceding financial year.

- ix. In our opinion and according to the information and explanations given to us, the Group has defaulted in repayment of dues to financial institutions and banks. The details of the period and amount of default are as under:

Name of the Financial Institution/ Bank	Period of Default	Amount(₹ in lacs)
State Bank of India	2011-2015	1,904.40
Corporation Bank	2011-2015	528.80
SIDBI	2011-2015	136.19
Union Bank of India	Jan 15 to March 15	163.89*
Standard Chartered Bank	2008-2015	1,549.65

\*Since paid in April 15

- x. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Holding Company has given guarantee for loans taken by its subsidiary from bank and vice versa are not prima facie prejudicial to the interest of the Group and its associate, except that in view of substantial losses in the subsidiary Hakoba Lifestyle Ltd., the Holding Company might be asked to honor guarantee.
- xi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. According to the information and explanations given to us, no fraud on or by the Group and its associate has been noticed or reported during the year.

For M B A H & CO  
Chartered Accountants  
(Firm Registration Number: 121426W)

Place : Mumbai  
Date : 21<sup>st</sup> May, 2015

MAHESH BHAGERIA  
Partner  
Membership Number: 034499




**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015**

(₹ in lacs)			
Particulars	Note	As at 31.03.2015	As at 31.03.2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	4,068.99	4,443.99
(b) Reserves and Surplus	3	5,768.84	2,765.24
<b>2 Share Application Money pending Allotment</b>	4	297.50	-
<b>3 Non-Current Liabilities</b>			
(a) Long Term Borrowings	5	3,755.16	1,344.56
(b) Other Long Term Liabilities	6	-	7.56
<b>4 Current Liabilities</b>			
(a) Short Term Borrowings	7	4,983.77	9,945.06
(b) Trade Payables	8	1,931.46	1,925.12
(c) Other Current Liabilities	9	5,845.76	9,488.88
(d) Short Term Provisions	10	670.76	495.17
		<u>27,322.24</u>	<u>30,415.58</u>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		8,308.51	9,812.59
(ii) Intangible Assets		60.52	81.51
(iii) Capital Work- in- Progress		494.12	345.86
(b) Goodwill (on consolidation)		1,067.13	1,067.13
(c) Non-Current Investments	12	761.24	272.94
(d) Long Term Loans and Advances	13	2,252.21	2,226.88
(e) Other Non Current Assets	14	47.38	44.01
<b>2 Minority Interest</b>		773.66	776.04
<b>3 Foreign Currency Translation Reserve</b>		292.40	290.96
<b>4 Current Assets</b>			
(a) Inventories	15	3,401.54	2,963.10
(b) Trade Receivables	16	2,218.68	4,126.32
(c) Cash & Cash Equivalents	17	420.16	389.70
(d) Short Term Loans & Advances	18	7,006.43	7,884.27
(e) Other Current Assets	19	218.26	134.27
		<u>27,322.24</u>	<u>30,415.58</u>

Significant Accounting Policies

1

Notes referred from 1 to 42 above form an integral part of the Financial Statements

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

For &amp; on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership No. 034499

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015


**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lacs)			
Particulars	Note	Year Ended 31.03.2015	Year Ended 31.03.2014
I Gross Revenue from Operations	20	27,154.53	27,321.83
Less: Excise Duty		-	-
Net Revenue from Operations		27,154.53	27,321.83
II Other Income	21	3,206.99	762.49
III Total Revenue (I + II)		30,361.52	28,084.32
IV Expenses:			
Cost of Raw Materials Consumed	22	15,997.73	16,699.37
Purchases of Stock-in-Trade		317.26	346.03
Changes in Inventories	23	(397.24)	552.16
Employee Benefits Expense	24	2,946.09	2,382.23
Finance Costs	25	1,201.17	1,667.44
Depreciation and Amortization Expenses	11	1,865.75	1,139.72
Other Expenses	26	6,290.00	5,441.79
Total Expenses		28,220.76	28,228.74
V Profit/(Loss) Before Exceptional and Extraordinary Items and Tax (III-IV)		2,140.76	(144.42)
VI Exceptional Items	27	1,528.00	628.00
VII Profit/(Loss) before Tax (V-VI)		612.76	(772.42)
VIII Tax Expenses			
Current Tax		0.13	-
IX Net Profit/(Loss) before Minority Interest and Profit of Associate (VII-VIII)		612.63	(772.42)
X Minority Interest		(2.38)	5.06
Share in Profit / (Loss) of Associate		488.30	(114.85)
XI Profit/(Loss) for the year (IX-X)		1,098.55	(882.21)
XII Earning per Equity Share			
(1) Basic		6.21	(4.98)
(2) Diluted		3.63	(4.98)

Significant Accounting Policies 1  
Notes referred from 1 to 42 above form an integral part of the Financial Statements

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

**MAHESH BHAGERIA**

Partner

Membership No. 034499

For & on behalf of the Board

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in lacs)

	Year Ended 31ST MARCH, 2015	Year Ended 31ST MARCH, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) before extraordinary items and tax	612.76	(772.42)
Adjustment for :		
Depreciation and Amortisation	1,865.75	1,139.72
(Profit) on Sale of Assets (net)	(2.20)	(26.40)
Interest Income	(1,041.79)	(10.79)
Finance Costs	1,201.17	1,667.44
Provision for Doubtful Trade Receivable	1,452.05	-
Provision for Doubtful Advances & Security Deposit	75.95	-
Assets / CWIP written off	-	274.90
Impairment/Loss on reduction in share capital	-	353.10
Liabilities/Provisions no longer required written back	(1,909.15)	(184.60)
Net unrealised exchange gain	(184.43)	(422.81)
Operating Profit / (Loss) before Working Capital Changes	2,070.11	2,790.56
Changes in Working Capital:		2,018.14
Adjustments for (increase) / decrease in operating assets:		
Inventories	(438.44)	470.92
Trade Receivables	455.59	(6.47)
Short Term Loans and Advances	1,062.27	596.56
Long Term Loans and Advances	(75.57)	334.31
Other Current Assets	(83.99)	(55.04)
Other Non Current Assets	(3.37)	(2.11)
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	6.34	(302.77)
Other Current Liabilities	(192.24)	3,017.09
Other Long Term Liabilities	(7.56)	-
Short Term Provisions	175.59	116.96
Cash generated from operation	2,968.73	4,169.45
Net income tax (paid) / refunds	(25.84)	(28.12)
<b>Net Cash from Operating Activities</b>	<b>2,942.89</b>	<b>6,159.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure on Fixed Assets, including capital advances	(497.76)	(552.75)
Proceeds from Sale of Fixed Assets (net of advance)	11.02	63.10
Proceeds from Sale of Long Term Investments	-	0.10
Interest received - Associates	1,012.48	-
Interest received - Others	29.31	10.79
Foreign Currency Translation Reserve	(1.45)	(4.00)
<b>Net cash from / (used) in Investing Activities</b>	<b>553.60</b>	<b>(482.76)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Share Application Money received	297.50	-
Proceeds from / (Repayment) of Long Term Borrowing (Net)	2,410.61	(3,854.01)
Net increase / (decrease) in Working Capital Borrowings	(4,961.29)	373.05
Repayment of Other Short Term Borrowings	-	(57.60)
Buyback of FCCBs (net of Capital Reserve)	-	(434.14)
Finance Costs	(1,209.20)	(1,673.00)
Unpaid Dividend Account	(3.65)	(2.92)
<b>Net cash used in Financing Activities</b>	<b>(3,466.03)</b>	<b>(5,648.62)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	30.46	28.09
Cash and Cash Equivalent (Opening balances) as on 31-03-2014	389.70	361.61
Cash and Cash Equivalent (Closing balances) as on 31-03-2015	420.16	389.70

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

**MAHESH BHAGERIA**

Partner

Membership No. 034499

Place: Mumbai

Date: 21<sup>st</sup> May, 2015

For & on behalf of the Board

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

### Note -1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

- The financial statement of the subsidiaries used in the consolidation is drawn on the same reporting date as that of parent company, i.e. year ended 31st March, 2015. The financial statements of S.R Investments Limited, which is a foreign subsidiary, are un-audited, which is not in accordance with the Accounting Standard 21- Consolidated Financial Statements.
- The financial statements are set out and prepared under significant accounting policies of Pioneer Embroideries Limited and its subsidiaries. Mostly the accounting policies of the holding company and subsidiaries (except where mentioned) are in similar lines, but where ever there is a difference than it is specifically mentioned in the below notes.

#### 1.2 Principles of Consolidation

- The Financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances, intra-group transactions in accordance with Accounting Standard (AS)-21 - Consolidated Financial Statements.
- The Financial statements of the Parent Company and its Subsidiaries have been consolidated using uniform accounting policies for like transactions and other event in similar circumstances.
- The excess of the share of equity of the Parent Company in its subsidiaries over its cost of investment, if any, on the date of acquisition date is recognized as Capital Reserve.
- The shortfall of the share of equity of the Parent Company in its subsidiaries over its cost of Investments, if any, is recognized in the financial statements as Goodwill.
- For the purpose of consolidation of the associate, the companies share in its profit/(loss) has been taken into consideration in the Consolidated Statement of Profit and Loss.
- The subsidiaries and associate company considered in consolidated financial statements are as under:

Name of Company	Country of Incorporation	Extent of Company's Interest	
		As at 31.03.15	As at 31.03.14
<b>Subsidiaries</b>			
Hakoba Lifestyle Limited	India	85%	85%
Mas Embroideries Private Limited	India	100%	100%
Pioneer Realty Limited	India	100%	100%
S.R Investments Limited	Mauritius	100%	100%
<b>Associate</b>			
Crystal Lace (India) Limited*	India	49.68%	49.68%

\* Include 5.10% equity shares held by subsidiary S.R Investments Ltd

#### 1.3 Consolidation of Foreign Subsidiary

Foreign Subsidiary accounts viz S.R Investments Limited has been audited as on 30th June, 2014. For the purpose of the consolidation, the accounts have been prepared by the management as on 31st March, 2015, on the basis of audited accounts. Financial Statements figures are converted into rupees on the basis of closing rate of foreign currency as on 31st March, 2015.

#### 1.4 SIGNIFICANT ACCOUNTING POLICIES

Most of the accounting policies of the holding company and that of the subsidiaries are similar.

**NOTE -2 SHARE CAPITAL**
**a) Details of authorised, issued and subscribed share capital:**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Authorised</b>				
Equity Shares of ₹10 each	20,000,000	2,000.00	20,000,000	2,000.00
Preference Shares of ₹10/- each	30,000,000	3,000.00	30,000,000	3,000.00
	<b>50,000,000</b>	<b>5,000.00</b>	<b>50,000,000</b>	<b>5,000.00</b>
<b>Issued</b>				
Equity Shares of ₹10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	22,990,830	2,299.08	26,740,830	2,674.08
	<b>40,689,924</b>	<b>4,068.99</b>	<b>44,439,924</b>	<b>4,443.99</b>
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	22,990,830	2,299.08	26,740,830	2,674.08
	<b>40,689,924</b>	<b>4,068.99</b>	<b>44,439,924</b>	<b>4,443.99</b>

**b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the financial year:**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Equity Shares</b>				
As at the beginning of the financial year	17,699,094	1,769.91	17,699,094	1,769.91
Add: Issued during the year	-	-	-	-
As at the end of the financial year	<b>17,699,094</b>	<b>1,769.91</b>	<b>17,699,094</b>	<b>1,769.91</b>
<b>Preference Shares</b>				
As at the beginning of the financial year	26,740,830	2,674.08	26,740,830	2,674.08
Add: Issued/(Surrendered) during the year (Refer Note 32(c))	(3,750,000)	(375.00)	-	-
As at the end of the financial year	<b>22,990,830</b>	<b>2,299.08</b>	<b>26,740,830</b>	<b>2,674.08</b>

**Rights, preferences and restrictions attached to Equity Shares:**

The Company has one class of Equity Shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In case of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Rights, preferences and restrictions attached to Preference Shares:**

The Company has one class of Optionally Convertible Cumulative Redeemable Preference Shares having a par value of ₹10 fully paid up per share issued consequent to Corporate Debt Restructuring. The preference shares do not carry voting rights, but carry right to a preference dividend at 9% p.a. effective October 2008. The preference shares are redeemable in 4 annual installments from September 30, 2015. Preference shares are convertible, as per the terms of issue, at a price to be computed as per SEBI guidelines.

**c) Details of Equity Shareholding more than 5% in the Company on reporting date:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Promoters</b>				
Raj Kumar Sekhani	2,045,718	11.56	2,045,718	11.56
<b>Promoters Group</b>				
Pioneer E-Com Fashions Ltd.	6,481,726	36.62	6,481,726	36.62


**d) Details of Preference Shareholding more than 5% in the Company on reporting date:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Others</b>				
State Bank of India	6,325,000	27.51	6,325,000	23.65
Union Bank of India	5,126,360	22.30	5,126,360	19.17
EXIM Bank	4,998,700	21.74	4,998,700	18.69
HDFC Bank	4,263,000	18.54	4,263,000	15.94
Corporation Bank	1,822,770	7.93	1,822,770	6.82
State Bank of Patiala	-	-	3,750,000	14.02

**NOTE -3 RESERVE & SURPLUS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Capital Reserve</b>		
Opening Balance	12,255.88	7,584.55
Add: Consequent to Settlement of Loans (Refer Note 32(c))	1,905.05	4,671.33
Balance as at the end of the year	<u>14,160.93</u>	<u>12,255.88</u>
<b>Share Premium</b>	1,353.64	1,353.64
<b>Statement of Profit and Loss</b>		
Opening Balance	(10,844.28)	(9,962.07)
Add: Profit/(Loss) for the year	1,098.55	(882.21)
Balance as at the end of the year	<u>(9,745.73)</u>	<u>(10,844.28)</u>
	<u>5,768.84</u>	<u>2,765.24</u>

**NOTE -4 SHARE APPLICATION MONEY PENDING ALLOTMENT**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Share Application Money pending allotment	297.50	-
	<u>297.50</u>	<u>-</u>

**NOTE -4.1**

The Company has agreed to issue 8,50,000 equity shares on preferential basis to Edelweiss Assets Reconstruction Company Ltd. Trustee EARC Trust-SC 23 (assignee EXIM Bank) against unpaid interest of ₹297.50 lacs, payable on loan from EXIM Bank (since assigned to EARC).





**NOTE -5 LONG TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Secured Loans</b>		
(i) Term Loans from Bank	2,249.72	6.65
(ii) Funded Interest Term Loans from Banks	428.79	-
(iii) Working Capital Term Loan from Bank	467.19	553.44
(iv) Foreign Currency Term Loan from Bank	343.53	518.24
(v) Vehicle Loan from Bank	0.73	1.72
(Secured by hypothecation of respective vehicle, Terms of Repayment - Equated monthly installment)		
(vi) Loan from Life Insurance Corporation of India	50.56	50.56
(secured by assignment of Keyman Insurance Policy)		
<b>Unsecured Loans</b>		
From Others		
Raj Kumar Sekhani (HUF) (Related Party)	1.89	2.50
Others	212.75	211.45
	<b>3,755.16</b>	<b>1,344.56</b>

**NOTE -5.1**

Term Loans and Funded Interest Term Loans from Kotak Mahindra Bank Ltd (assignee HDFC Bank Ltd.) and Edelweiss ARC (assignee EXIM Bank) (EARC) are secured by first pari passu charge over all fixed assets of the Company both present & future with other term lenders, except machinery under exclusive charge to Landes Bank Baden Wurttemberg, and further secured by second charge over current assets of the Company & by personal guarantee of the Chairman of the Company. Term Loan from Kodak Mahindra Bank Ltd. is further secured by personal guarantee of Mrs Bimla Devi Sekhani, wife of the chairman of the Company.

The Working Capital Term Loan from Union Bank of India is secured by first pari passu charge over fixed assets of the Company both present & future with other term lenders and is further secured by second charge over current assets of the Company & by personal guarantee of Chairman of the Company. Foreign Currency Term Loan from Landes Bank Baden Wurttemberg is secured by exclusive charge on machinery imported from Barmag of Germany for Dope Dyed Polyester Yarn Unit.

**Terms of Repayment and interest:**

- Loan of EARC (₹1515.00 lacs) is repayable over 5 years from February 2015 to March 2020 and carries no interest.
- Loan of Kotak Mahindra Bank Ltd (₹1702.00 lacs) has been settled for ₹1300.00 lacs, is repayable over 4 years from September 2015 to February 2019 and carries interest @22% p.a.
- Working Capital Term Loan from Union Bank of India is repayable in 14 quarterly installments ending September 2018 and carries interest @16.75% p.a. presently.
- Foreign Currency Term Loan from Landes Bank Baden Wurttemberg is repayable in 7 half yearly instalments ending September 2018 and presently carries interest @0.60% p.a. presently.

**NOTE -5.2**

All unsecured loans are interest free and carry no repayment schedule. These loans are subject to confirmation and reconciliation.

**NOTE -6 OTHER LONG TERM LIABILITIES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Franchisee & Distributors Deposits	-	7.56
	-	7.56


**NOTE -7 SHORT TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Secured</b>		
Loans Repayable on Demand		
Cash Credit from Banks	4,983.77	9,945.06
	<u>4,983.77</u>	<u>9,945.06</u>

**NOTE -7.1**

Cash Credit Loans are secured by first pari passu charge by hypothecation of stocks, book debts and second charge on all fixed assets, both present and future and further secured by corporate guarantee of Pioneer Embroideries Ltd for loans of Subsidiary Hakoba Lifestyle Limited and vice versa and personal guarantee of the Chairman of the Company.

Cash Credit Loan from Standard Chartered Bank (SCB) taken by Subsidiary Hakoba Lifestyle Ltd. has become NPA.

**NOTE -8 TRADE PAYABLES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Trade Payables</b>		
For Goods	1,030.51	1,164.40
For Services / Others	900.95	760.72
	<u>1,931.46</u>	<u>1,925.12</u>

**NOTE -8.1**

Trade Payables include outstanding from a related enterprise Kiran Industries Pvt. Limited of ₹22.03 lacs (nil).

**NOTE -9 OTHER CURRENT LIABILITIES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>a) Current maturities of Long Term Debt - Secured</b>		
(i) Term Loans from Banks	868.66	3,542.51
(ii) Funded Interest Term Loans from Banks	332.04	984.27
(iii) Working Capital Term Loans from Banks	1,945.53	1,826.97
(iv) Foreign Currency Term Loan from Bank	114.51	830.92
(v) Vehicle Loan from Bank	0.99	1.33
<b>b) Interest provided</b>		
(i) Term Loans from Banks	547.56	786.33
(ii) Funded Interest Term Loans from Banks	170.48	178.44
(iii) Working Capital Term Loans from Banks	619.23	503.23
(iv) Foreign Currency Term Loan from Bank	1.68	106.90
(v) Loan from Life Insurance Corporation of India	14.85	10.26
c) Provision for Interest on Secured & Unsecured Bank loans	5.11	13.14
d) Unpaid Dividends	-	3.65
e) Advance from Customers	411.66	298.92
f) Liability for Capital Expenditure	152.30	60.92
g) Book Overdraft	0.02	0.55
h) Statutory Dues	104.44	119.18
i) Remuneration payable to Directors	2.18	15.10
j) Advance from Crystal Lace (I) Ltd	330.66	-
k) To Others	223.86	206.26
	<u>5,845.76</u>	<u>9,488.88</u>

**NOTE - 9.1**

The long term debt was restructured under CDR Scheme and was repayable over period from October 1, 2010 to December 30, 2018. Consequent to Company's inability to meet its commitments under CDR package, the CDR Scheme was withdrawn.

Save for the banks, where term loans are being paid as per schedule, other term loan balances have been considered as current liabilities and included in Note 9(a) above. However, the interest on such loans is being provided as per CDR terms.

All these Secured Loans are secured by first pari passu charge over fixed assets of the Company both present & future with each other, except machinery under exclusive charge to Landes Bank Baden Wurttemberg, and further secured by second charge over current assets of the Company and by the personal guarantee of the Chairman of the Company.

**NOTE - 9.2**

Advance from customers includes advance of ₹35.16 lacs (₹44.18 lacs) received from Kiran Industries Pvt. Limited, a related enterprise.

**NOTE -10 SHORT TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Provision For Employee Benefits</b>		
Salary/Wages Payable	444.78	330.22
Contribution to Funds	16.27	10.32
Provision for Gratuity	209.71	154.63
	<b>670.76</b>	<b>495.17</b>

**NOTE -11 FIXED ASSETS**

(₹ in lacs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2014	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2015	As at 01.04.2014	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
	<b>Tangible Assets:</b>										
1	Land - Owned	468.46	-	-	468.46	-	-	-	-	468.46	468.46
	- Leasehold	29.82	-	-	29.82	4.40	0.31	-	4.71	25.11	25.42
2	Buildings	3,508.59	109.88	-	3,618.47	941.50	111.37	-	1,052.87	2,565.60	2,567.09
	- Lift	34.08	4.23	-	38.31	8.96	5.17	-	14.13	24.18	25.12
3	Plant & Machineries	13,835.25	206.94	8.86	14,033.33	8,120.80	1,299.75	2.77	9,417.78	4,615.55	5,714.45
4	Furniture & Fixtures	581.99	0.07	-	582.06	340.29	147.54	-	487.83	94.23	241.70
5	Vehicles	233.42	0.57	0.78	233.21	169.35	32.41	0.55	201.21	32.00	64.07
6	Office Equipments	136.06	9.80	-	145.86	67.16	62.62	-	129.78	16.08	68.90
7	Computers	277.03	8.21	-	285.24	259.78	14.32	-	274.10	11.14	17.25
8	Electrical Installations	869.06	3.04	-	872.10	260.27	159.71	-	419.98	452.12	608.79
9	Borewell	13.83	-	3.00	10.83	2.49	5.00	0.70	6.79	4.04	11.34
	<b>Sub Total</b>	<b>19,987.59</b>	<b>342.74</b>	<b>12.64</b>	<b>20,317.69</b>	<b>10,175.00</b>	<b>1,838.20</b>	<b>4.02</b>	<b>12,009.18</b>	<b>8,308.51</b>	<b>9,812.59</b>
	<b>Intangible Assets:</b>										
10	Computer Softwares	88.35	6.76	0.76	94.35	41.00	10.49	0.56	50.93	43.42	47.35
11	Hakoba Brand	170.55	-	-	170.55	136.39	17.06	-	153.45	17.10	34.16
	<b>Sub Total</b>	<b>258.90</b>	<b>6.76</b>	<b>0.76</b>	<b>264.90</b>	<b>177.39</b>	<b>27.55</b>	<b>0.56</b>	<b>204.38</b>	<b>60.52</b>	<b>81.51</b>
	<b>Total</b>	<b>20,246.49</b>	<b>349.50</b>	<b>13.40</b>	<b>20,582.59</b>	<b>10,352.39</b>	<b>1,865.75</b>	<b>4.58</b>	<b>12,213.56</b>	<b>8,369.03</b>	<b>9,894.10</b>
	Previous Year	20,088.63	527.53	369.67	20,246.49	9,545.64	1,139.72	332.97	10,352.39	9,894.10	
	Capital Work-in-progress									494.12	345.86
										8,863.15	10,239.96

**NOTE 11.1**

Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.

**NOTE 11.2**

Capital Work in progress includes:

- a sum of ₹22.15 lacs for renovation of machines at Kallakruchi till the assets of Arcot Textile Mill Limited are transferred in favor of the Company.
- a sum of ₹471.97 lacs spent for ongoing expansion at Kala-amb and Sarigam unit.



**NOTE -12 NON-CURRENT INVESTMENTS**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Quoted Investments</b>				
<b>In Other Entities</b>				
RLF Limited (listing suspended) (Equity shares of Face Value of ₹10/- each) (Cost ₹5,566/- less provision made ₹5,565/-)	1,000	-	1,000	-
Padmini Technologies Limited (listing suspended) (Equity shares of Face Value of ₹10/- each) (Cost ₹1,756,253/- less provision made ₹1,756,252/-)	68,939	-	68,939	-
<b>Unquoted Investments</b>				
<b>a) In Other Entities</b>				
The Greater Bombay Co-op. Bank Limited (Equity shares of Face Value of ₹25/- each)	40	0.01	40	0.01
Crystal Lace India Limited (Refer Note 39) (Equity shares of Face Value of ₹10/- each)	4,903,940	761.14	9,403,940	272.84
<b>b) In Government Securities</b>				
National Saving Certificates (Lodged with Sales Tax Department)	-	0.09	-	0.09
	<b>4,973,919</b>	<b>761.24</b>	<b>4,973,919</b>	<b>272.94</b>

**NOTE -13 LONG TERM LOANS & ADVANCES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
a) Capital Advances (unsecured, considered good)	209.02	127.43
b) Security Deposits (unsecured, considered good)	158.58	240.55
c) Income Tax Refund Receivable (net)	128.73	103.02
d) Other Loans and Advances (unsecured, considered good)		
Advances to Arcot Textile Mills Ltd.	975.00	975.00
Other Advances	780.88	780.88
	<b>2,252.21</b>	<b>2,226.88</b>

**NOTE - 13.1**

- a) Capital advance of ₹209.02 lacs has been given to building contractors and to suppliers of plant & machineries at Dope Dyed Yarn unit at Kala-amb.
- b) Advances to Arcot Textile Mills Limited (ATML) (a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹1,105.00 lacs on lump sum sale basis out of FCCBs funds pursuant to MOU dated 20th December, 2007. The transfer of assets in favour of the Company was subject to deregistration of ATML from BIFR. Due to inordinate delay in deregistration from BIFR, it had been agreed that ATML will return the above advance vide their confirmation letter dated 5th October, 2012. Accordingly, ₹130.00 lacs has been returned by ATML till previous year.

**NOTE - 13.2**

Other advances include:

- a) ₹700.88 lacs (₹700.88 lacs) given to various parties for purchase of properties. As the agreements are not taking place, the Company is seeking the refund of advances given. As per the management, said amounts are considered good and fully recoverable. These balances are subject to confirmation from the parties.
- b) ₹80 lacs (₹80 lacs) given to two parties as advance against orders and are outstanding more than 6 years. These balances are subject to confirmation from the parties.

**NOTE -14 OTHER NON CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Fixed Deposit</b>		
Fixed Deposit in Banks with more than 12 months maturity	46.13	42.76
NSC Deposit	1.25	1.25
	<u>47.38</u>	<u>44.01</u>

**NOTE -15 INVENTORIES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
(As certified by Management)		
a) Raw Materials	727.16	700.44
b) Work-in-progress	466.19	367.22
c) Finished Goods	2,125.48	1,827.21
d) Store & Spares	52.34	47.41
e) Packing Material	30.37	20.82
	<u>3,401.54</u>	<u>2,963.10</u>

**NOTE -16 TRADE RECEIVABLES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Unsecured</b>		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	583.71	1,927.19
Considered Doubtful	1,790.03	337.99
Less: Provision for Doubtful Trade Receivables	<u>(1,790.03)</u>	<u>(337.99)</u>
	583.71	1,927.19
<b>Others</b>		
Considered Good	1,634.97	2,199.13
	<u>2,218.68</u>	<u>4,126.32</u>

**NOTE -16.1**

Trade receivable includes outstanding from related enterprise Thakurdas & Co. Pvt. Ltd. of ₹191.77 lacs (₹170.68 lacs).

**NOTE -17 CASH & CASH EQUIVALENTS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
a) <b>Balances with Banks</b>		
In Current Accounts	284.46	334.82
b) <b>Cash in hand</b>	135.70	54.88
	<u>420.16</u>	<u>389.70</u>


**NOTE -18 SHORT TERM LOANS & ADVANCES**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Short Term Loan &amp; Advances to Related Parties</b>		
Loans and Advances to JV (unsecured)		
Super Industries DMCC	4,634.27	4,449.83
<b>Loans and Advances to Related Parties (unsecured, considered good)</b>		
Pioneer E-com Fashion Ltd.	1,045.47	1,075.47
Crystal Lace (I) Ltd.	-	576.23
<b>Short Term Loan &amp; Advances to Other Parties</b>		
Advances recoverable in cash or in kind	581.84	560.83
Loan & Advance to Staff	39.77	44.09
Prepaid Expenses	31.88	14.75
Other Advances and Balances	76.95	60.64
Advance Advertisement Expenses	-	506.18
Claims Receivable	596.25	596.25
	<b>7,006.43</b>	<b>7,884.27</b>

**NOTE - 18.1**

The Company had invested USD 1.26 mn. (₹509.92 lacs) in an overseas Joint Venture with M/s Super Industries DMCC to acquire 10% stake thereof and further advanced an optionally convertible loan of USD 3.70 mn. (₹2,315.86 lacs) out of FCCBs funds. As the Joint Venture failed, the said investment was treated as loan by the Company. This outstanding balance is subject to confirmation."

**NOTE - 18.2**

Interest free unsecured loans and advances of ₹1,045.47 lacs (₹1,075.47 lacs) to Pioneer E-com Fashion Ltd, an associate company is considered good of recovery as per the management of the Company.

**NOTE -18.3**

Advance to suppliers includes two parties of Subsidiary Hakoba Lifestyle Ltd, which are outstanding for more than 6 years. However management consider it recoverable. These balances are subject to confirmation and reconciliation.

**NOTE -18.4**

Claim Receivable of ₹596.25 lacs (₹596.25 lacs) represents liquidated damages receivable for vacating premises rented by Subsidiary Hakoba Lifestyle Ltd. As per the management, same is fully recoverable.

**NOTE -19 OTHER CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
(Unsecured, considered good)		
<b>Other Loans and Advances</b>		
Accrued Export and Other Incentives	205.66	118.94
Insurance Claim Receivables	0.60	-
Interest Receivables (TUF)	12.00	15.33
	<b>218.26</b>	<b>134.27</b>



# PIONEER EMBROIDERIES LIMITED

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## NOTE -20 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Sale of Products - Yarn, Embroidery Fabric &amp; Laces</b>		
Domestic Sales	22,652.74	23,205.18
Export Sales	3,874.09	3,609.45
Other Operating Revenue (including Export Incentives)	627.70	507.20
Gross Revenue from Operations	27,154.53	27,321.83
Less: Excise duty	-	-
	27,154.53	27,321.83

### NOTE -20.1

Sales includes Sales made to related enterprises M/s J J Sons ₹63.54 lacs (₹67.95 lacs), Thakurdas & Co. Pvt. Ltd. ₹280.46 lacs (₹198.40 lacs) and Kiran Industries Pvt. Ltd ₹445.46 lacs (nil).

## NOTE -21 OTHER INCOME

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest on Loan to Associate Concern*	1,012.48	-
Interest from Others	29.31	10.79
Adjustments to Carrying Amount of Loan given to Subsidiary/JV(Net)	184.43	422.81
Profit on Fixed Assets sold (Net)	2.20	26.40
Liabilities/Provisions no longer required written back	1,909.15	184.60
Misc. Non Operating Income (Net)	37.94	9.70
Gain on Exchange Rate Difference (Net)	31.48	108.19
	3,206.99	762.49

\*Prior period income.

## NOTE -22 COST OF MATERIAL CONSUMED

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Cost of Raw Material Consumed</b>		
Opening Stock	700.44	629.54
Purchases during the year	16,024.45	16,770.27
	16,724.89	17,399.81
Less:- Closing Stock	727.16	700.44
	15,997.73	16,699.37

### NOTE -22.1

Purchases include trade purchases from related enterprises M/s J J Sons ₹21.29 lacs (₹22.35 lacs) and Kiran Industries Pvt. Ltd. ₹115.85 lacs (₹28.81 lacs).



**NOTE -23 CHANGE IN INVENTORIES**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Opening Inventories</b>		
Work-in-Progress	367.22	359.01
Finished Goods	1,827.21	2,387.58
	<u>2,194.43</u>	<u>2,746.59</u>
<b>Less: Closing Inventories</b>		
Work-in-Progress	466.19	367.22
Finished Goods	2,125.48	1,827.21
	<u>2,591.67</u>	<u>2,194.43</u>
	<u>(397.24)</u>	<u>552.16</u>

**NOTE -24 EMPLOYEE BENEFITS EXPENSE**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
a) Salaries, Wages and Incentives	2,731.29	2,208.67
b) Contribution to Funds	87.02	66.29
c) Staff Welfare Expenses	127.78	107.27
	<u>2,946.09</u>	<u>2,382.23</u>

**NOTE -25 FINANCE COSTS**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Interest expense</b>		
a) Interest on Borrowings	1,213.56	1,376.61
b) Interest - Others	39.30	56.21
c) Other Borrowing Costs	23.43	31.85
d) Net Gain/Loss on Foreign Currency Transactions and Translation	(75.12)	202.77
	<u>1,201.17</u>	<u>1,667.44</u>

**NOTE -25.1**

No interest has been provided on loan taken by Subsidiary Hakoba Lifestyle Ltd. from SCB as it is negotiating for settlement/restructure with that Bank



**NOTE -26 OTHER EXPENSES**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Directors Remuneration	80.75	80.55
Directors Sitting Fees	1.05	0.20
Donations	0.13	0.10
Insurance	24.68	24.07
Job Charges	260.84	257.94
Legal & Professional Fees	108.43	95.48
Miscellaneous Expenses	527.86	536.52
Packing Material Consumed	915.32	879.12
Payment to Auditors*	13.57	14.23
Power & Fuel	1,994.47	1,901.51
Rates & Taxes	41.24	20.32
Rent	108.60	97.18
Repair & Maintenance Buildings	23.53	22.00
Repair & Maintenance Plant & Machinery	81.81	59.91
Repair & Maintenance Others	65.48	58.55
Selling Expenses	1,217.50	1,112.04
Stores & Spares Consumed	322.58	282.07
Sundry Balance written off	502.16	-
	<b>6,290.00</b>	<b>5,441.79</b>

**\* Details of payment to Auditors**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
a) for Statutory Audit	13.57	14.20
b) for Taxation Matter	-	-
c) for Other Services	-	0.03
	<b>13.57</b>	<b>14.23</b>

**NOTE -27 EXCEPTIONAL ITEMS**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Provision for Doubtful Trade Receivables	1,452.05	-
Provision for Doubtful Advances & Security Deposit	75.95	-
Assets/CWIP written off	-	274.90
Impairment/Loss on reduction in Share Capital	-	353.10
	<b>1,528.00</b>	<b>628.00</b>

- i) Company has made provision for doubtful trade receivable related to export receivables under litigation of ₹701.06 lacs during the year.
- ii) The Subsidiary Hakoba Lifestyle Ltd has made provision for doubtful trade receivables of ₹750.99 lacs and security deposit receivables of ₹75.95 lacs during the year.





**NOTE - 28 CONTINGENT LIABILITIES**

(₹ in lacs)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
a) Bank Guarantees Outstanding.	54.24	52.64
b) Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances).	984.70	17.50
c) Assessment Order of Customs Duty for Import of second hand computerised embroidery machines for which appeal has been filed with Honorable Supreme Court.	-	18.40
d) Demand raised by Excise Department in respect of which appeal has been filed.	46.14	46.14
e) Demand raised by Income-tax Department in Block Assessment order U/s 158A for the period from FY 1998-99 to FY 2003-04 in respect of which appeal has been filed with CIT (Appeal).	49.01	49.01
f) Other Income Tax matters pending in appeal.	13.33	106.76
g) Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS).	1,344.96	1,323.68
h) Custom Duty on Capital Goods and Raw Materials imported under Advance Licence / EPCG Scheme, against which export obligation is to be fulfilled.	46.00	32.12
i) Service Tax demand raised by the Service Tax Department.	128.08	128.08
j) VAT/Sales Tax demand raised by the Sales Tax Department	25.89	-
k) Legal case for which the Company has not acknowledge the claim.	-	3.57
l) Sundry Cases in Labour Court and Industrial Court regarding overtime and backwages being contested by the Company.	N A*	N A*

\*Quantum is not ascertainable.

There is no contingent liability other than stated above and adequate provision have been made for all known liabilities, except interests and penalties as may arise.

**NOTE 29 Loans and Advances includes amount due from JV:**

(₹ in lacs)

Particulars	Current Year 31-03-2015		Previous Year 31-03-2014	
	Closing Balance	Maximum due	Closing Balance	Maximum due
Super Industries DMCC (JV)	3,104.50 (Loan) 1,529.77 (Service Charges)	4,634.27	2,980.95 (Loan) 1,468.88 (Service Charges)	4,449.83

**NOTE 30** Some of the fixed deposits, overdraft balances and bank accounts are subject to confirmations though reconciled with available bank statements. Some of the secured and unsecured loans are also subject to confirmations though reconciled with bank statements.

**NOTE 31** In the opinion of the management, there is no impairment of assets as on Balance Sheet date.

**NOTE 32 a)** As reported in earlier years, the Company had entered into a Corporate Debt Restructuring scheme (CDR Scheme) with its lenders. As the Company was unable to meet its obligations under CDR Scheme since second quarter of FY 2011-12, the lenders have revoked the CDR package, with approval of CDR-EG.

b) State Bank of India (SBI) had issued demand notice for recovery of their outstanding dues under SARFAESI. The Company has, however, arrived at one time settlement (OTS) with SBI.

In terms of a OTS with State Bank of India, the Company has to pay a sum of ₹3,500.00 lacs, in full and final settlement of the Bank's dues on or before May 25, 2015. The Company has paid a sum of ₹1,881.87 lacs as against ₹2,966.00 lacs as per agreed repayment schedule. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.

c) The Company has fully paid off dues of State Bank of Patiala in terms of OTS arrived at with that bank. Accordingly the Company has reversed the interest liability of ₹397.21 lacs and the principal amount of ₹198.53 lacs. The OCCRPS held by the Bank were surrendered by them in terms of OTS and were cancelled. As per the legal expert opinion in the past, the Company has treated the interest reversal as monetary item and credited the same to Statement of Profit and Loss and the principal amount as non-monetary item and credited the same to Capital Reserve.

d) Loans of HDFC Bank Ltd and EXIM Bank have been assigned by these banks to Kotak Mahindra Bank Ltd (KMBL) and Edelweiss ARC (EARC) respectively, during the year. The Company has arrived at a settlement with KMBL and EARC. The necessary adjustments in the books will be done after the due compliance of terms and conditions of the settlement.

e) The Company also continues to explore settlement/restructuring options with other individual lenders.

f) The Subsidiary Hakoba Lifestyle Limited has fully paid off its dues of State Bank of India and HDFC Bank Ltd. in terms of OTS arrived with those banks. Accordingly the Company has reversed the interest liability of ₹1,500.56 lacs and the principal amount of ₹1,331.52 lacs. The Company has treated the interest reversal as monetary item and has credited to Statement of Profit and Loss and treated the principal amount as non-monetary item and credited the same to Capital Reserve.



**NOTE 33** During the year, the Company has paid a sum of ₹4.32 lacs (₹7.20 lacs) as premium towards the Key man Insurance policy taken for Mr. Raj Kumar Sekhani, Chairman of the Company.

**NOTE 34** As per management, realisable value of current assets, deposits, loans and advances in the ordinary course of business will be at least equal to the amount at which they have been stated in the financial statements.

**NOTE 35** The sundry debit and credit balances including receivables, payables and advances to suppliers, advances from customers and deposits are subject to confirmation and reconciliations, the effect of which is not known.

**NOTE 36** Dues to Small Scale Industries undertakings and dues to Micro Enterprises and Small Enterprises:

The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since, the relevant information is not readily available; no disclosures have been made in the Accounts. However, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.

**NOTE 37** The Company operates in a single segment of Textiles.

**NOTE 38** Earning per Equity Share

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Net Profit/(Loss) for the year attributable to Equity Shareholders (₹ in lacs)	1,098.55	(882.21)
Weighted Average Number of Equity Shares of ₹10/- each (fully paid-up)	17,699,094	17,699,094
Earning per Share - Basic (₹)	6.21	(4.98)
Diluted (₹)	3.63	(4.98)

**NOTE 39** Investment in Equity Shares of Associate

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Crystal Lace (I) Limited	465.01	465.01
Add: Share of Accumulated Profits/(Losses)*	(192.17)	(77.32)
Add: Share of current year Profits/(Losses)	488.30	(114.85)
	<u>761.14</u>	<u>272.84</u>

\* Since Acquisition

**NOTE 40** Related Party Disclosures :

a) Names of Related Parties and Nature of Relationships

i	Associate Concerns	Pioneer E-Com Fashions Ltd. Reach Industries Pvt. Ltd. Crystal Lace (I) Ltd
ii	Joint Venture	M/s Super Industries, DMCC
iii	Key Management Personnel	Shri Raj Kumar Sekhani Shri Harsh Vardhan Bassi
iv	Relative of Key Management Personnel & their Enterprises	Smt. Bimla Devi Sekhani Shri Aarav Sekhani Shri Vishal Sekhani M/s J J Sons Raj Kumar Sekhani (HUF) Kiran Industries Pvt. Ltd. Thakurdas & Co. Pvt. Ltd.


**b) Transactions during the year**

Particulars	(₹ in lacs)	
	Year Ended 31.03.2015	Year Ended 31.03.2014
i) Sales		
Relative of Key Management Personnel & their enterprises	789.46	266.35
ii) Purchases		
Relative of Key Management Personnel & their enterprises	137.14	51.17
iii) Income from Interest on Loans/Advances		
Associate Concerns	1,012.48	-
iv) Payment for Other Services		
Key Management Personnel (Remuneration to Whole Time Directors)	80.75	80.45
Relative of Key Management Personnel & their Enterprises	13.49	6.69
v) Guarantee Taken		
Relative of Key Management Personnel & their enterprises	1,300.00	-
vi) Loan & Advances Given/(taken)/(recovered)		
Associate Concerns	(936.89)	(563.75)
vii) Balance outstanding as at the year end		
Associate Concerns	1,285.10 Dr	2,259.07 Dr
Joint Venture	4634.27 Dr	4,449.83 Dr
Key Management Personnel	0.13 Cr	5.09 Cr
Relative of Key Management Personnel & their enterprises	7.20 Cr	2.27 Dr

**NOTE 41** The previous year's figure have been regrouped and reclassified to confirm to current year's classification.

**NOTE 42** Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates

Name of Enterprises	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit/(Loss)	
	As a % of Consolidated Net Assets	Amount (₹ in lacs)	As a % of Consolidated Profit	Amount (₹ in lacs)
<b>Parent</b>				
Pioneer Embroideries Ltd.	151.16	13,701.35	34.55	211.65
<b>Subsidiaries</b>				
<b>Indian</b>				
Hakoba Lifestyle Limited	(42.21)	(3,826.22)	2.59	15.89
Mas Embroideries Limited	(0.83)	(75.00)	(0.14)	(0.83)
Pioneer Realty Limited	(0.02)	(1.65)	(0.04)	(0.24)
<b>Foreign</b>				
S.R Investments Limited	(3.40)	(307.81)	66.72	408.76
Subtotal		9,490.67		635.23
Inter-company Elimination & Consolidation Adjustments	(4.71)	(426.50)	(3.69)	(22.60)
Grand total		9,064.17		612.63
Minority Interest in Subsidiaries		(773.66)		(2.38)
Share of Profit in Associate				488.30



# PIONEER EMBROIDERIES LIMITED

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## Part "A" : Subsidiaries



### Annexure - A

Form AOC-I (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

##### Part "A" : Subsidiaries

(₹ in lacs)

Sr. No.	Particulars	Name of Subsidiary			
		Hakoba Lifestyle Ltd.	Mas Embroideries Pvt. Ltd.	Pioneer Reality Ltd.	S.R Investments Ltd @
(a)	Reporting Period	April to March	April to March	April to March	July to June
(b)	Reporting Currency	INR	INR	INR	USD
(c)	Share Capital	1,349.41	222.52	5.00	62.59
(d)	Reserve & Surplus	(5,175.63)	(297.52)	(6.65)	(628.63)
(e)	Total Assets	1,533.76	3.01	50.35	37.84
(f)	Total Liabilities	1,533.76	3.01	50.35	37.84
(g)	Investment other than Investment in Subsidiary	-	-	-	33.35
(h)	Turnover	-	-	-	-
(i)	Profit/(Loss) before Taxation	15.90	(0.83)	(0.24)	408.75
(j)	Provision for Taxation	-	-	-	0.13
(k)	Profit/(Loss) after Taxation	15.90	(0.83)	(0.24)	408.62
(l)	Proposed Dividend	-	-	-	-
(m)	% of shareholding	-	-	-	-

@ Balance Sheet and Profit/(Loss) items are translated at closing exchange rate of ₹62.5908.

##### Part "B": Associate

(₹ in lacs)

Sr. No.	Particulars	Name of Associate
		Crystal Lace (I) Ltd.
(a)	Latest Audited Balance Sheet Date	31.03.2014
(b)	Shares of Associate held by the Company at year end	
	-No. *	49,03,940
	-Amount of Investment in Associate	465.01
	-Extent of Holding %	49.68
(c)	Net worth attributable to Shareholding as per latest audited Balance Sheet	80.43
(d)	Profit/(Loss) for the year	
	-Considered in Consolidation	488.30
	-Not considered in Consolidation	494.53
(e)	Description of how there is significant influence	Due to % of Equity Share Capital
(f)	Reason why the associate is not consolidated	N.A

\* includes 503,940 equity shares held by subsidiary S.R Investments Ltd.

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn No. 121426W)

**MAHESH BHAGERIA**

Partner

Membership No. 034499

For & on behalf of the Board

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: 21<sup>st</sup> May, 2015



**PIONEER GROUP**

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