



PIONEER GROUP

# 24<sup>th</sup> Annual Report 2016

**PIONEER EMBROIDERIES LIMITED**

## **Dope Dyed Polyester Yarn Unit, Kala-amb, Himachal Pradesh**





## 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

#### CFO

NAWAL SHARMA

#### COMPANY SECRETARY & COMPLIANCE OFFICER

BHARTI S GANDHI

#### 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, Billichi Post, Coimbatore - 641 019
- Process House : 1638, G.I.D.C., Sarigam, Dist. Valsad, Gujarat -396 155
- Dope Dyed Polyester Yarn (DDPY) : Village-Kheri, Trikolkpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh - 173 030

#### Offices:

- Registered Office : Unit No. 101B, 1<sup>st</sup> 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, 2<sup>nd</sup> Floor, Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (W), Mumbai - 400 062
- Chennai Office : 29 & 30, 3<sup>rd</sup> Floor, Kumbhat Complex, Rattan Bazar, Chennai - 600 003
- Delhi Office : 4986, 1<sup>st</sup> & 2<sup>nd</sup> 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, 2<sup>nd</sup> Floor, Old China Bazar Street, Kolkata - 700 001
- Bangaluru Office : 872, OTL Main Road, Nagrathpet, 1<sup>st</sup> Floor, Rajatha Hotel Building, Bangaluru - 560 002
- Surat Office : Kiran Compound, Near A P Market, Udhna, Surat - 394 210

- Telephone No. : 91-22- 42232323
- Fax No. : 91-22- 42232313
- Website : www.pelhakoba.com; www.silkolite.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 Fourth Annual General Meeting of the Shareholders of **PIONEER EMBROIDERIES LIMITED** will be held on Tuesday, the 26<sup>th</sup> July, 2016 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, 2016 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raj Kumar Sekhani (DIN 00102843) who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the appointment of M/s. M B A H & CO (ICAI Regn. No.121426W), Chartered Accountants as Statutory Auditors for the financial year 2016-17 and to fix their remuneration.

### SPECIAL BUSINESS

4. To re-appoint Mr. Raj Kumar Sekhani (DIN 00102843) as a Chairman of the Company and increase his remuneration and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’) on recommendation of the Nomination & Remuneration Committee and approval of the Board, subject to approval of Central Government(if required), consent and approval of the members be and is hereby accorded to re-appoint Mr. Raj Kumar Sekhani (DIN:00102843) Chairman of the Company with effect from 29<sup>th</sup> August 2015 for a period of 5 years at remuneration of ₹4,00,000/- (Rupees Four Lacs only) up to 31<sup>st</sup> March, 2016 and ₹7,00,000/- (Rupees Seven Lacs only) with effect from 1<sup>st</sup> April, 2016 till his balance period of appointment and on such terms and conditions set out in draft Letter of appointment a copy whereof initialed by Mr. Harsh Vardhan Bassi, Managing Director of the Company for the purpose of identification, has been placed before this Meeting.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration in the said draft Letter of appointment to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Raj Kumar Sekhani shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and / or any rules or regulations framed there under and the terms of the aforesaid Letter between the Company and Mr. Raj Kumar Sekhani shall be suitably modified to give effect to such variation or increase as the case may be.”

**“RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Raj Kumar Sekhani’s office as Chairman, the remuneration set out in the aforesaid draft Letter of appointment be paid or granted to Mr. Raj Kumar Sekhani as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

**“RESOLVED FURTHER THAT** that the Board of Directors be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to such resolution.”

5. To increase remuneration to Mr. Harsh Vardhan Bassi (DIN: 06919521), Managing Director and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in partial modification of Resolution no. 7 passed at the 22<sup>nd</sup> Annual General Meeting of the Company held on 18<sup>th</sup> July, 2014, for approving terms of appointment and remuneration of Mr. Harsh Vardhan Bassi, Managing Director of the Company and pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’), on recommendation of the Nomination & Remuneration Committee and approval of the Board, subject to approval of Central Government(if required), consent and approval of the members be and is hereby accorded for revision in remuneration of Mr. Harsh Vardhan Bassi, Managing Director of the Company, not exceeding ₹5,00,000/- per month and perquisites not exceeding ₹60,000 pm with effect from 1<sup>st</sup> April, 2016 on the terms and conditions as set out in draft revised Letter of appointment a copy whereof initialed by Mr. Raj Kumar Sekhani, Chairman of the Company, for the purpose of identification has been placed before this Meeting.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration in the said draft Letter of appointment to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Harsh Vardhan Bassi shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and / or any rules or regulations framed thereunder and the terms of the aforesaid Letter between the Company and Mr. Harsh Vardhan Bassi shall be suitably modified to give effect to such variation or increase as the case may be.”

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“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Harsh Vardhan Bassi's office as Managing Director, the remuneration set out in the aforesaid draft Letter of appointment be paid or granted to Mr. Harsh Vardhan Bassi as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

“RESOLVED FURTHER THAT that the Board of Directors be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to such resolution.”

6. To approve the appointment and payment of remuneration of the Cost Auditors for the financial year ending March 31, 2017 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), consent of the members be and is hereby accorded for appointment of 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, 2017, 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 12, 2016

## 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 22<sup>nd</sup> July, 2016 to 26<sup>th</sup> July, 2016 (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. 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.
10. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
11. 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
12. 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, Statement of 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.

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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. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

13. The members are requested to:

- 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.
- Quote Ledger Folio/Client Id/DP ID numbers in all their correspondence.

14. The instructions for shareholders voting electronically are as under:

- The voting period begins on **23<sup>rd</sup> July, 2016 (9.00 a.m. IST) and ends on 25<sup>th</sup> July, 2016 (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 19<sup>th</sup> July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 25<sup>th</sup> July, 2016 at 5.00p.m.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- 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.
- 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>

- After entering these details appropriately, click on "SUBMIT" tab.
- 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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.
- 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 [tohelpdesk.evoting@cdslindia.com](mailto:tohelpdesk.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).
- (xx) Mr. Sanjay R. Dholakia, Practising Company Secretary (Membership No. F2655) has been appointed as Scrutinizer to scrutinize the voting and e-Voting process in a fair and transparent manner.
- (xxi) The Chairman shall, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the e-Voting facility.
- (xxii) The Scrutinizer shall after conclusion of voting at the Annual General Meeting, will count the votes cast at the meeting in the presence of at least two witnesses not in employment of the Company and shall make a consolidated scrutinizer’s report, not later than three days of the conclusion of the AGM, of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him, who shall countersign the same and declare the result of the voting forthwith.
- (xxiii) The Results of the voting with the report of the Scrutinizer shall be placed on the website of the Company [www.pelhakoba.com](http://www.pelhakoba.com) immediately after declaration of the results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited and NSE.

**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 AND 5**

As the Members are aware that Mr. Raj Kumar Sekhani is a Promoter of the Company and is mainly responsible for steering out the Company from the Financial crisis it faced and went under CDR with Banks. Also through his leadership and vision the Company has improved its performance and the Company has achieved the results in quick span and continues to grow further. Mr. Harsh Vardhan Bassi is at present Managing Director and also instrumental in Company's ability to negotiate and take the Company to new heights. With his ability and skills, he successfully motivated the employees and has become bridge with Bankers and other Government agencies. Due to their constant efforts the Nomination and Remuneration committee and Board of Directors have decided to re-appoint Mr. Raj Kumar Sekhani as a Chairman with effect from 29<sup>th</sup> August, 2015 for a period of 5 years at remuneration of ₹4,00,000/- (Rupees Four Lacs only) up to 31<sup>st</sup> March, 2016 and ₹7,00,000/- (Rupees Seven Lacs only) with effect from 1<sup>st</sup> April, 2016 till his balance period of appointment and increase in remuneration of Mr. Harsh Vardhan Bassi, Managing Director from ₹2,42,000/- per month to ₹5,00,000/- per month with effect from 1<sup>st</sup> April, 2016. The details of remuneration and perquisites payable to them are as under:

Nature	Raj Kumar Sekhani Chairman	Harsh Vardhan Bassi Managing Director	Remarks if any
Salary per month	7,00,000	5,00,000	-
Perquisites	Nil	60,000	-
Leave Salary	Nil	Nil	-
Drivers' Allowance	Nil	Nil	-
HRA	Nil	Nil	-
Medical Expenses	Nil	Nil	-
PF	Nil	Nil	-
Gratuity	Nil	Nil	-

The draft appointment letter to be entered into between the Company and Mr. Raj Kumar Sekhani and Mr. Harsh Vardhan Bassi is available for inspection at the Registered office of the Company on any working day excluding Saturday, Sunday and Public Holiday upto the date of ensuing Annual General Meeting between 11.00 a.m. to 3.00 p.m.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

Save and except Mr. Raj Kumar Sekhani and Mr. Harsh Vardhan Bassi 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 resolutions set out at Item No. 4 and 5 of the Notice.

The Board commends the Special Resolutions set out at Item No. 4 and 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, 2017.

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, 2017, 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**

Place : Mumbai  
Date : May 12, 2016

**Harsh Vardhan Bassi**  
Managing Director  
DIN: 00102941





## DIRECTORS' REPORT

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED

Your Directors present the Twenty Fourth Annual Report of your Company on the business and operations for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS:

	(₹ in lacs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Turnover - Domestic	20,974.49	22,939.56
- Export	4,561.66	4,214.97
<b>Total</b>	<b>25,536.15</b>	<b>27,154.53</b>
Profit /(Loss) before Other Income, Financial Charges, Depreciation, Exceptional Items & Tax	2,151.72	2,519.69
Other Income	2,370.05	1,729.03
Profit /(Loss) before Financial Charges, Depreciation, Exceptional Items & Tax	4,521.77	4,248.72
Financial Charges (net)	941.30	1,201.13
Profit /(Loss) before Depreciation, Exceptional Items and Tax	3,580.47	3,047.59
Depreciation	1,412.09	1,730.39
Profit/(Loss) before Exceptional Items & Tax	2,168.38	1,317.20
Exceptional Items	522.23	1,105.55
Tax Expenses	--	--
<b>Net Profit/(Loss)</b>	<b>1,646.15</b>	<b>211.65</b>
Balance of net loss brought forward from previous year	(4,550.69)	(4,762.34)
<b>Balance of Profit/(Loss) carried forward</b>	<b>(2,904.54)</b>	<b>(4,550.69)</b>
<b>Per share data</b>		
Basic Earnings per Share (₹)	8.93	1.20
Book Value per Share (₹)	49.34	64.42

### YEAR IN RETROSPECT

Profit before Other Income, Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹2,152 lacs (₹2,520 lacs). The net profit for the year is ₹1,646 lacs as against a net profit of ₹212 lacs in the previous year. The Company has generated a cash profit of ₹1,211 lacs during the year under report (previous year ₹1,319 lacs).

Turnover of the Company for the year under review stood at ₹25,536 lacs as against ₹27,155 lacs in the previous year, primarily due to drop in revenues of the Dope Dyed Polyester Yarn (DDPY) business.

During the year, the DDPY business recorded a turnover of ₹19,221 lacs, a drop of 8.4% over previous year, essentially owing to a steep fall in prices of crude oil, its major input material. The operating profit for the DDPY business during the year stood at ₹2,341 lacs as against ₹2,486 lacs. The fall in operating profit was protected by a better product mix and cost control, as a result of which the operating margins for the DDPY business increased by around 30 basis points to 12.2% over previous year.

The Embroidery and Laces division showed a marginal improvement in turnover, as it rose to ₹6,196 lac from ₹5,875 lacs. However, due to increased competition and cost pressures, there was a significant erosion in the division's operating profits in FY16 to ₹393 (₹679 lac) and operating margins to 6.34% (11.5%).

There are no material changes or commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

### TRANSFER TO RESERVES

The Board does not propose to carry any amounts to reserves.

# PIONEER EMBROIDERIES LIMITED

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## CHANGE IN NATURE OF BUSINESS

There is no change in nature of Business of the Company.

## INDUSTRY OVERVIEW

The overall textile industry recorded export earnings worth USD 41.67 bn in FY15, a growth of 3% over previous year, and was the second largest contributor to the country's overall exports during the year. Growth in exports of certain segments were high, such as handicrafts (17%), carpets (15%), readymade garments (12%), silk (13%) wool and woolen textiles (18%)

The textile sector's export-led growth was aided by lower cotton prices, falling interest rates, firm overseas demand from consuming countries, labor cost advantage over competitors and favorable exchange rates.

The government is continuing its efforts to grow the textile sector, as it contributes approximately 5% of the country's GDP and is the largest employer outside agriculture. Steps such as setting up new textile parks, textile development in North Eastern region, promotion of technical textiles, skilling initiatives in textiles, etc. are being taken to facilitate overall sector growth.

The domestic demand is likely to improve if good monsoons are witnessed, as higher consumer spending and disposable income coupled with lower interest rates are expected to bolster consumption. However, the textile and garment export sector may be negatively affected in the medium term depending upon the implementation of the Trans-Pacific Partnership, a duty-free trade agreement between 12 nations which include US, Canada and Japan, key countries to which India's textile and garment exports are substantial.

## YEAR IN PROSPECT

Pioneer continues its efforts to position itself as a major player and a preferred supplier for its customers in the DDPY segment. The concentration is on value addition like twisting, doubling and air texturing of yarn, to keep away from the price structure of commodity products prevalent in the industry. Product development, improved efficiency, strengthened marketing network, etc., are being seriously pursued.

The Company is in the midst of expanding its DDPY capacity in order to meet the expected demand in the coming years. The current installed capacity of 12,000 MT is set to be increased by 6,200 MT by the year FY17-18.

Operations in the Embroideries and Laces division continue to be bogged down by older, low-speed machines, high cost of operations and competitive pressures. Increased investments are required in the business, and only after that there could be a sustained growth in revenues and profitability of this division.

A detailed review of the performance during the year is given under the section - Management Discussion and Analysis Report, and forms part of the Directors' Report.

## BANK BORROWINGS

The Company's continued efforts in the previous years towards debt resolution have yielded desired results. The payment obligations under OTS arrived with State Bank of India have been completed, and with Corporation Bank are underway. The total secured borrowings as on year-end FY16 stand only at about ₹ 7,610 lac, including working capital of ₹950 lac, substantially lower than the outstanding amount 3-4 years ago.

## 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 ₹1,854.91 lacs comprising 1,85,49,094 equity shares of ₹10/- each as at March 31, 2016.

The Company has 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.

As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

# PIONEER EMBROIDERIES LIMITED

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## EMPLOYEES STOCK OPTION SCHEME 2016

During the year under review, the Company has designed an Employee Stock Option Scheme (ESOP) for the benefit of its permanent employees. The necessary permissions for the scheme - PEL ESOP 2016 - is being obtained from members by way of postal ballot, which began on 25<sup>th</sup> April, 2016.

## SUBSIDIARY COMPANIES

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

The Company has increased its shareholding in Hakoba Lifestyle Ltd.(HLL) during the year by ₹3,496.90 lacs, following a right issue by HLL. The Company further acquired 20,24,117 equity shares of ₹10/- each from a minority shareholder of HLL during the year. HLL has now become a wholly-owned subsidiary of the Company.

In view of the continuous losses in its wholly-owned subsidiary, S.R Investment Ltd, Mauritius (SRIL), the Company has decided to liquidate SRIL. The liquidation process is expected to be completed in the financial year FY16-17. Accordingly, the Company has made provision for its entire investment in SRIL.

The statement of subsidiaries in Form AOC-1 (pursuant to first proviso 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.

## JOINT VENTURE

The Company had invested USD 4.96 mn. in a proposed overseas Joint Venture with M/s Super Industries DMCC, made out of FCCBs funds. As the Joint Venture has failed completely, the Company has decided to consider the investment as doubtful of recovery and accordingly, it has made provision for the entire amount of USD 4.96 mn. during the year. The unpaid, accrued service charge of USD 2.44 mn., levied on the investment/loan amount upto FY 2012-13, has also been considered as non-recoverable. The Company has treated the interest reversal as monetary item and debited the same to Statement of Profit & Loss and treated the principal amount as non-monetary item and debited the same to Capital reserve.

## CONSOLIDATED ACCOUNTS

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

## CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance with Auditors Certificate confirming compliance, is attached and forms an integral part of this 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. Raj Kumar Sekhani (DIN 00102843) who retires by rotation and being eligible, offers himself for reappointment.

## 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 Nawal Sharma	Chief Financial Officer (CFO) (w.e.f. December 01, 2015)
4	Ms. Bharti Gandhi	Company Secretary

During the year, Shri Shriprakash Jain resigned as Chief Financial Officer (CFO) of the Company w.e.f. November 30, 2015. The Directors place on record their appreciation for the contribution made by him during his tenure.

## 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.

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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.

## DECLARATION BY AN INDEPENDENT DIRECTOR(S) AND RE-APPOINTMENT, IF ANY

All the Independent Directors have provided the declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6).

## 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)).

## NOMINATION AND REMUNERATION POLICY

The Committee has framed a policy to determine the qualification and attributes for appointment and basis of determination of remuneration of all the Directors, Key Managerial Personnel and Senior Management. A copy of the policy is annexed as Annexure -B.

## 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 and the Rules made thereunder are not attracted. Thus, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013, is accordingly, not required.

All related party transaction are placed before the Audit Committee as also to the Board for approval.

## DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF THE ACT

The Company has never accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, or under Chapter V of the Act.

## 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

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that 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 March 31, 2016 and of the net profit of the Company for the year ended on that date;
- (iii) that 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) that the annual accounts have been prepared on a going concern basis;
- (v) that the Directors had laid down adequate internal financial controls to be followed by the Company and these are operating effectively;
- (vi) that adequate and proper systems to ensure compliance with all applicable laws have been devised and such systems are operating effectively in the Company.

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## STATUTORY AUDIT

M/s M B A H & CO, Chartered Accountants (Registration No. 121426W), statutory auditors of the Company, were appointed for a period of 3 years in the last Annual General Meeting to hold office of Statutory Auditor to audit accounts of the Company till the conclusion of 26th Annual General Meeting of the Company. M/s M B A H & CO have submitted written confirmation to the Company that their appointment, is in conformity with the limits specified under Section 139 of the Companies Act, 2013.

There is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors in its report and therefore, there are no further explanations to be provided for in this report.

## 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 2016-17 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.

## 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 - C and forms an integral part of this Report.

## Auditor's Observation

The Company has not appointed Whole-time Company secretary as Compliance Officer as required pursuant to Regulation 6(1) of SEBI, Listing Obligations and Disclosure Requirements) Regulations 2015.

The management reply to the observations of the Secretarial Auditor is as under:

Your Directors state that the Company had complied the same after 31<sup>st</sup> March 2016.

## 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.

## RISK MANAGEMENT

There is a continuous process for identifying, evaluating and managing significant risks faced through a risk management process designed to identify the key risks facing business. Risks would include significant weakening in demand from core-end markets, inflation uncertainties and any adverse regulatory developments, etc. During the year a risk analysis and assessment was conducted and no major risks were noticed.

## 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.

## DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14, the internal committee constituted under the said act has confirmed that no complaint/case has been filed/pending with the Company during the year.

# PIONEER EMBROIDERIES LIMITED

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## MANAGERIAL REMUNERATION

- a) Details of the remuneration of each director to the median remuneration of the employees of the Company and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure -D.
- b) The Company doesn't have any employee falling within the preview of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 hence, no such details to be provided.

## 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-E to this report.

## ACKNOWLEDGMENT

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 12, 2016

RAJ KUMAR SEKHANI  
Chairman  
DIN 00102843



**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on Financial Year ended on 31.03.2016

(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	75.27%
2	Embroidered Fabric, Laces, Crochet Laces	13991	24.26%

**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, 1 <sup>st</sup> Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U67190MH1993PLC072786	Subsidiary Company	100%
2	<b>Mas Embroideries Private Limited</b> 4986, 1 <sup>st</sup> Floor, Bara Tooti Chowk, Sadar Bazar, Delhi -110 006	U74899DL2000PTC104065	Subsidiary Company	100%
3	<b>Pioneer Realty Limited</b> 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.	U70101MH2007PLC169361	Subsidiary Company	100%
4	<b>S.R Investments Limited,</b> 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	<b>Crystal Lace (india) Ltd.</b> 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.	U17291MH1994PLC076439	Associate Company	44.58%

# PIONEER EMBROIDERIES LIMITED

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## 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>									
<b>1) Indian</b>									
a) Individual/HUF	2,100,203	-	2,100,203	11.87	2,102,791	-	2,102,791	11.34	(0.53)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	6,481,726	-	6,481,726	36.62	6,481,726	-	6,481,726	34.94	(1.68)
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	<b>8,581,929</b>	<b>-</b>	<b>8,581,929</b>	<b>48.49</b>	<b>8,584,517</b>	<b>-</b>	<b>8,584,517</b>	<b>46.28</b>	<b>(2.21)</b>
<b>2) Foreign</b>									
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>8,581,929</b>	<b>-</b>	<b>8,581,929</b>	<b>48.49</b>	<b>8,584,517</b>	<b>-</b>	<b>8,584,517</b>	<b>46.28</b>	<b>(2.21)</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1) Institutions</b>									
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	999,594	-	999,594	5.65	999,594	-	999,594	5.39	(0.26)
g) FIs	6,961	-	6,961	0.04	-	-	-	-	(0.04)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>1,006,855</b>	<b>600</b>	<b>1,007,455</b>	<b>5.69</b>	<b>999,894</b>	<b>600</b>	<b>1,000,494</b>	<b>5.39</b>	<b>(0.30)</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	1,636,204	7,632	1,643,836	9.29	1,295,956	7,632	1,303,588	7.03	(2.26)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lacs	3,427,426	274,630	3,702,056	20.92	4,186,651	282,488	4,469,139	24.10	3.18
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lacs	2,368,136	-	2,368,136	13.38	1,476,278	-	1,476,278	7.96	(5.42)
c) Others (specify)									
i) Non-Resident Indian	265,864	83,247	349,111	1.97	352,856	83,231	436,087	2.35	0.38
ii) Clearing Members	39,121	-	39,121	0.22	157,575	-	157,575	0.85	0.63
iii) Hindu Undivided Family	-	-	-	-	271416	-	271416	1.46	1.46
iv) Trust	7,450	-	7,450	0.04	850,000	-	850,000	4.58	4.54
<b>SUB TOTAL (B)(2):</b>	<b>7,744,201</b>	<b>365,509</b>	<b>8,109,710</b>	<b>45.82</b>	<b>8,590,732</b>	<b>373,351</b>	<b>8,964,083</b>	<b>48.33</b>	<b>2.51</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,751,056</b>	<b>366,109</b>	<b>9,117,165</b>	<b>51.51</b>	<b>9,590,626</b>	<b>373,951</b>	<b>9,964,577</b>	<b>53.72</b>	<b>2.21</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>17,332,985</b>	<b>366,109</b>	<b>17,699,094</b>	<b>100.00</b>	<b>18,175,143</b>	<b>373,951</b>	<b>18,549,094</b>	<b>100.00</b>	<b>-</b>

## NOTE -

The Company has issued 8,50,000 equity shares during the year on preferential basis to Edelweiss Assets Reconstruction Company Ltd. Trustee EARC Trust-SC 23 (assignee EXIM Bank).

## 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	2,045,718	11.56	21.49	2,045,718	11.03	100.00	(0.53)
2	Bimla Devi Sekhani	20,485	0.12	-	23,073	0.12	-	0.00
3	Ashok Kumar Sekhani	20,000	0.11	-	20,000	0.11	-	(0.00)
4	Manak Chand Baid Jt. with Raj Kumar Sekhani	14,000	0.08	-	14,000	0.08	-	(0.00)
5	Pioneer E-Com Fashions Limited	6,481,726	36.62	1.60	6,481,726	34.94	58.59	(1.68)
	<b>Total</b>	<b>8,581,929</b>	<b>48.49</b>	<b>6.33</b>	<b>8,584,517</b>	<b>46.28</b>	<b>68.07</b>	<b>(2.21)</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	46.27
Date wise increase/decrease in Promoters Share holding during the year	2,588	0.01	85,84,517	46.28
At the end of the year	85,84,517	48.50	85,84,517	46.28

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
<b>1</b>	<b>Edelweiss Asset Reconstruction Company Ltd</b>				
	At the beginning of the year	--	--	--	--
	Allotment during the year	850,000	4.80	850,000	4.58
	Sold during the year	--	--	850,000	4.58
	At the end of the year	850,000	4.80	850,000	4.58
<b>2</b>	<b>General Insurance Corporation of India</b>				
	At the beginning of the year	500,000	2.83	500,000	2.70
	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	500,000	2.83	500,000	2.70
<b>3</b>	<b>United India Insurance Company Limited</b>				
	At the beginning of the year	499,594	2.82	499,594	2.69
	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	499,594	2.82	499,594	2.69
<b>4</b>	<b>Zigma Capital Finance Private Limited</b>				
	At the beginning of the year	487,662	2.76	487,662	2.63
	Bought during the year	80,000	0.45	567,662	3.06
	Sold during the year	179,356	1.01	388,306	2.09
	At the end of the year	388,306	2.19	388,306	2.09
<b>5</b>	<b>Jayesh Nagji Nissar</b>				
	At the beginning of the year	268,235	1.52	268,235	1.45
	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	268,235	1.52	268,235	1.45
<b>6</b>	<b>Sunita Bhagchandka</b>				
	At the beginning of the year	237,312	1.34	237,312	1.28
	Bought during the year	--	--	237,312	1.28
	Sold during the year	10,000	0.06	227,312	1.23
	At the end of the year	227,312	1.28	227,312	1.23



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
<b>7</b>	<b>Kenisha Enterprises Private Limited</b>				
	At the beginning of the year	426,052	2.41	426,052	2.30
	Bought during the year	--	--	426,052	2.30
	Sold during the year	215,000	1.21	211,052	1.14
	At the end of the year	211,052	1.19	211,052	1.14
<b>8</b>	<b>Chandrasekhar Yadlapalli</b>				
	At the beginning of the year	--	--	--	--
	Bought during the year	100,000	0.57	100,000	0.54
	Sold during the year	--	--	100,000	0.54
	At the end of the year	100,000	0.57	100,000	0.54
<b>9</b>	<b>S Ravindra Kamath</b>				
	At the beginning of the year	--	--	--	--
	Bought during the year	100,000	0.57	100,000	0.54
	Sold during the year	--	--	100,000	0.54
	At the end of the year	100,000	0.57	100,000	0.54
<b>10</b>	<b>Ratanlal Sekhani</b>				
	At the beginning of the year	130,000	0.73	130,000	0.70
	Bought during the year	--	--	130,000	0.70
	Sold during the year	55,000	0.31	75,000	0.40
	At the end of the year	75,000	0.42	75,000	0.40

**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
<b>1</b>	<b>Raj Kumar Sekhani</b>				
	At the beginning of the year	20,59,718	11.64	20,59,718	11.10
	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	11.10

**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>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	10,236.36	-	-	10,236.36
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>11,590.17</b>	<b>-</b>	<b>-</b>	<b>11,590.17</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	2,200.00	195.00	-	2,395.00
Reduction	(6,179.34)	-	-	(6,179.34)
<b>Net Change</b>	<b>(3,979.34)</b>	<b>195.00</b>	<b>-</b>	<b>(3,784.34)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7,289.66	195.00	-	7,484.66
ii) Interest due but not paid	321.17	-	-	321.17
iii) Interest accrued but not due	-	1.14	-	1.14
<b>Total (i+ii+iii)</b>	<b>7,610.83</b>	<b>196.14</b>	<b>-</b>	<b>7,806.97</b>

**VI) RE MUNERATION 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/WTD/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	0.40	4.35	4.75
	(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>48.40</b>	<b>33.39</b>	<b>81.79</b>

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## B. Remuneration to other Directors:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Shri Joginder Kumar Baweja	Shri Gopalkrishnan Sivaraman	Shri Rameshchandra Pokhriyal	Ms. Jyoti Niranjana Ledwani	
1	<b>Independent Directors</b>					
	(a) Fee for attending board committee meetings	0.38	0.30	0.38	0.22	1.28
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>0.38</b>	<b>0.30</b>	<b>0.38</b>	<b>0.22</b>	<b>1.28</b>
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration</b>					
	<b>Total (B)=(1+2)</b>	<b>0.38</b>	<b>0.30</b>	<b>0.38</b>	<b>0.22</b>	<b>1.28</b>

## C. Remuneration to key Managerial Personnel other than MD/Manager/WTD:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	CFO	CFO	Total
		(Ms. Bharti S Gandhi)	(Shri Shriprakash Jain*)	(Shri Nawal Sharma**)	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2.12	12.92	11.06	26.11
	(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>	<b>2.12</b>	<b>13.14</b>	<b>11.06</b>	<b>26.33</b>

\* Resigned w.e.f. November 30, 2015

\*\* Appointed w.e.f. December 1, 2015



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					



## NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (LODR) Regulations, 2011, as amended from time to time.

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

### DEFINITIONS

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“**Key Managerial Personnel**” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) CFO;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“**Senior Managerial Personnel**” mean the personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

### OBJECTIVES OF THE POLICY

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, key managerial personnel and senior management involves a balance short and long-term performance objectives appropriate to the working of the Company and its goals.

### COMPOSITION OF THE COMMITTEE

- The Committee shall consist of a minimum 3 non-executive Directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

### CHAIRPERSON

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

### COMMITTEE MEMBERS' INTERESTS

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### ROLE OF THE COMMITTEE

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, KMP and Senior Management Personnel at any time including the suspension or termination of service subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

## POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- 1) Remuneration to Managing Director / Whole-time Directors:
  - The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
  - The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- 2) Remuneration to Non- Executive / Independent Directors:
  - The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
  - All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
  - An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
  - Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
    - The Services are rendered by such Director in his capacity as the professional; and
    - In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.
  - The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).
- 3) Remuneration to Key Managerial Personnel and Senior Management:
  - The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
  - The Company may issue Employee Stock Option / Purchase Schemes to Key Managerial Personnel and Senior Management in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.



- The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

## TERM/ TENURE

### a) **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### b) **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

## REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

## RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may delegate any of its powers to one or more of its members.



**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016

[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,  
CIN No. L17291MH1991PLC063752  
Mumbai

We 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 our opinion thereon.

Based on our 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 our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016 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:

We 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, 2016 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, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India ((Share Based Employee Benefits) Regulations, 2014 (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;
    - (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. Factories Act, 1948;
2. Industries (Development & Regulation) Act, 1951;
3. Labour Laws and other incidental laws related to labour and employees appointed by the company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
4. Acts prescribed under prevention and control of pollution;
5. Acts prescribed under Environmental protection;
6. Acts as prescribed under Direct Tax and Indirect Tax;
7. Land Revenue laws of respective States;
8. Labour Welfare Act to respective States;
9. Trade Marks Act, 1999 & Copy Right Act, 1957;
10. The Legal Metrology Act, 2009;
11. Acts as prescribed under Shop and Establishment Act of various local authorities;
12. Local Laws as applicable to various offices and plants.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and NSE Limited and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations 2015 (effective from 1<sup>st</sup> December 2015).

During the period under review, the Company has generally complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, Standards as mentioned above except to the extent as mentioned below:

The Company has not appointed the Company Secretary as Compliance officer of the Company as required under Regulation 6 (1) of the of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We 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.

**We 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 1 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: May 12, 2016  
Place: Mumbai

# PIONEER EMBROIDERIES LIMITED

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## Annexure 1 (Forming Part of Secretarial Audit Report)

To,  
The Members,  
Pioneer Embroideries Limited,  
CIN No. L17291MH1991PLC063752  
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.
7. We have reported, in our audit report, only those non-compliance, especially in respect of filing of applicable forms/ documents, which, in our opinion, are material and having major bearing on financial of Company.

For SANJAY DHOLAKIA & ASSOCIATES

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

Date: May 12, 2016  
Place: Mumbai



**STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of Director	Designation	Ratio to median remuneration of the employees
Mr. Raj Kumar Sekhani	Chairman	42:1
Mr. Harsh Vardhan Bassi	Managing Director	29:1

- a) The Median remuneration of employees of the Company was ₹1.14 lacs.  
 b) For this purpose, Sitting fees paid to the Directors have not been considered as remuneration.

ii. The % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

Designation	Name of Employee	% increase in remuneration
Chairman	Mr. Raj Kumar Sekhani	No Change
Managing Director	Mr. Harsh Vardhan Bassi	No Change
CFO	Mr. Nawal Sharma*	Not Applicable
CFO	Mr. Shriprakash Jain**	Not Applicable
Company Secretary	Ms. Bharti Gandhi	16.48%

- \* Appointed as Chief Financial Officer with effect from 1<sup>st</sup> December, 2015.  
 \*\* Resigned from the post of Chief Financial Officer with effect from 30<sup>th</sup> November, 2015.

iii. The % increase in the median remuneration of employees in the financial Year: 19.54%

iv. The number of permanent employees on the rolls of the Company: 1,165

v. The explanation on the relationship between average increase in remuneration and company performance:

The Company's performance was satisfactory during the year and the profit before tax has increased by 677% over the previous year.

vi. Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company:

The remuneration paid to all five KMPs during FY 2016 aggregate to approximately 4.24% of the Gross Revenue. The Gross revenue was ₹25,536 lacs (previous year ₹27,154 lacs).

vii. a) Variations in the market capitalization of the company: The market capitalization of the company as at the closing date of the current financial year and previous financial year has increased by 145%.

b) Price Earnings Ratio of the Company: 5.68 on 31<sup>st</sup> March, 2016 and 18.08 as at 31<sup>st</sup> March, 2015.

c) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer:

The closing share price of the Company at BSE Limited on 31<sup>st</sup> March, 2016 being ₹50.75 per equity share of face value of ₹10 each has grown 5.07 times since the last public offer by the Company, which was made in the year 1993.

viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The median percentage increase made in the salaries of employees other than the managerial personnel was 19.54% while the increase in the remuneration of managerial personnel was 4.79%.

# PIONEER EMBROIDERIES LIMITED

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ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Designation	Remuneration for FY 2016 (₹ in lacs)	% of Gross Revenue for FY 2016	% of Profit for FY 2016
Mr. Raj Kumar Sekhani	Chairman	48.40	0.19%	2.94%
Mr. Harsh Vardhan Bassi	Managing Director	33.39	0.13%	2.03%
Mr. Nawal Sharma*	CFO	11.06	0.04%	0.67%
Mr. Shriprakash Jain**	CFO	13.14	0.05%	0.80%
Ms. Bharti Gandhi	Company Secretary	2.12	0.01%	0.13%

\*Appointed as Chief Financial Officer with effect from 1<sup>st</sup> December, 2015.

\*\* Resigned from the post of Chief Financial Officer with effect from 30<sup>th</sup> November, 2015

- x. The key parameters for any variable component of remuneration availed by the Directors:  
No variable component was availed by the Directors during the year.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:  
This is not applicable to the Company.
- xii. It is hereby affirmed that the remuneration is as per the Remuneration policy of the company.

On behalf of the Board of Directors

Date : May 12, 2016  
Place : Mumbai

**Raj Kumar Sekhani**  
Chairman  
DIN 00102843

**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, 2016 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:**

	2015-16	2014-15
Total Foreign Exchange Used (Payment Basis)	647.02	592.78
Total Foreign Exchange Earned	4,252.52	3,874.09

## 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 Regulation 27 and 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Board of Directors of the Company is as under:

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

@ Does not include Directorships in Private Companies.

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

The Company has familiarization program for Independent Directors of the Company with regard to their role, rights, responsibilities in the Company, nature of industry in which the Company operates, the business model of the Company. None of the Non-executive Directors during the year held any shares or convertible instruments. None of the Directors are had any inter-se relationships.

#### 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 31<sup>st</sup> March, 2016 on the following dates: 21-05-2015, 07-08-2015, 02-11-2015, 22-01-2016 and 22-03-2016

The Board discussed the operating plans, performance of various units and various other information's, including those specified under Annexure I to Clause 49 of the Listing Agreement and Chapter II of Listing Regulation 4(2)(f) 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 21, 2015
Mr. Raj Kumar Sekhani	5	5	Present
Mr. Harsh Vardhan Bassi	5	5	Present
Mr. Joginder Kumar Baweja	5	5	Present
Mr. Gopalkrishnan Sivaraman	5	4	Present
Mr. Rameshchandra Pokhriyal	5	5	Present
Ms. Jyoti Niranjana Ledwani	5	3	Absent

**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. Raj Kumar Sekhani**

Mr. Raj Kumar Sekhani, aged 56 is a Commerce Graduate from Calcutta University. He is the Promoter-Director and Chairman of the Pioneer Embroideries Limited. Mr. Sekhani has been involved in the activities of manufacturing and trading in garment accessories, including embroidery fabrics, laces and knitted fabrics, for more than two decades, much before he promoted your Company. He also holds Directorship of Hakoba Lifestyle Limited, Pioneer Realty Limited and Crystal Lace (I) Limited.

None of the Non-executive Directors during the year held any shares or convertible instruments. None of the Directors are had any inter-se relationships. The details of familiarization programmes imparted to independent is available on website of the Company at <http://pelhakoba.com/wp-content/uploads/2016/04/Familiarization-Programme.pdf>.

**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 Regulations as well as the provisions of Section 177 of the Companies Act, 2013.

- To oversee the financial reporting process.
- To oversee the disclosures of financial information.
- To recommend appointment / removal of statutory auditors and fixation of their fees.
- To review the quarterly/half yearly financial results and annual financial statements with the management, internal auditor and the statutory auditor.
- To consider the reports of the internal auditors and to discuss their findings with the management and to suggest corrective actions wherever necessary.
- To Review with the management, statutory auditors and the internal auditors the nature and scope of audits and the adequacy of internal control systems.
- 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.
- 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.
- 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.
- To investigate any matter covered under Section 177 of the Companies Act, 2013.
- To Review the financial and risk management policies.

During the year ended 31<sup>st</sup> March, 2016, Five Meetings of the Audit Committee were held on 21-05-2015, 07-08-2015, 02-11-2015, 22-01-2016 and 22-03-2016

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	Chairman	Non-Executive Independent Director	5	5
Mr. Harsh Vardhan Bassi	Member	Executive Director	5	5
Mr. Gopalkrishnan Sivaraman	Member	Non-Executive Independent Director	5	4
Mr. Rameshchandra Pokhriyal	Member	Non-Executive Independent Director	5	5
Ms. Jyoti Niranjana Ledwani	Member	Non-Executive Independent Director	5	3

#### 4. Nomination and Remuneration Committee

The powers, role and terms of Nomination and Remuneration committee covers the areas as contained in Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013. 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

During the year ended 31st March, 2016, one meeting of the Committee was held on 22-01-2016 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.

#### 5. Remuneration of Directors

(a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity:

There is no pecuniary relationship or transactions of the non-executive directors with the Company.

(b) Criteria of making payments to non-executive directors:

Only sitting fees are paid to non-executive directors

(c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, are as below:

(Amount in ₹)

Sr. No.	Name of the Director	Sitting Fees	Salary	Bonus	Performance Linked Incentives	Provident Fund	Pension	Stock option
1	Mr. Raj Kumar Sekhani	--	48,00,000	--	--	--	--	--
2	Mr. Harsh Vardhan Bassi	--	32,99,417	--	--	--	--	--
3	Mr. Joginder Baweja	37,500	--	--	--	--	--	--
4	Mr. Gopalkrishnan Sivaraman	30,000	--	--	--	--	--	--
5	Mr. Ramesh Chandra Pokhriyal	37,500	--	--	--	--	--	--
6	Ms. Jyoti Niranjana Ledwani	22,500	--	--	--	--	--	--
	<b>Total</b>	<b>1,27,500</b>	<b>80,99,417</b>	--	--	--	--	--

**6. Performance Evaluation**

The criteria for performance evaluation cover the areas relevant to the functioning as Promoter Directors and Independent Directors such as participation, preparation, conduct and effectiveness. The performance evaluation of Promoter Directors and Independent Directors was done by the Board as a whole by Independent Directors and Promoters Directors.

**7. Code of Conduct**

The Board has laid down a code of conduct for Business and Ethics for all the Board Members and all the employees of the management grade of the Company. The code of conduct is also available on the Company’s website. All the board members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by Managing Director and CFO is attached as annexure to Corporate Governance Report as Annexure 1 and forms part of the Annual Report of the Company.

**8. Prevention of Insider Trading Code**

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Mrs. Bharti Gandhi as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company’s securities. During the year under review there has been due compliance with the said code.

**9. 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.

**10. The composition of Stakeholders’ Relationship 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

Mrs. Bharti Gandhi, has been designated as Compliance Officer in terms of Regulation 27 of SEBI (LODR) Regulations, 2015 and also Clause 6 (1) of Listing Regulations.

The details of the complaints and other correspondence received and attended to during the year ended on 31<sup>st</sup> March, 2016 are given hereunder:

Nature of Complaints	Received	Attended to	Pending
Non Receipt of Share Certificate(s) -Transfer	3	2	1
Non Receipt of Rejected DRF	2	2	-
Non Receipt of Bonus Certificate(s)	1	1	-
<b>Total</b>	<b>6</b>	<b>5</b>	<b>1</b>

**11. General Body Meetings**

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

Year	Date	Time	Venue	No. of Special Resolutions passed
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-400095	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-400095	04*
2014-2015	21 <sup>st</sup> July, 2015	9.30 A.M	The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064	Nil

\*For AGM held on 18<sup>th</sup> July, 2014 the following Special Resolutions were passed:

Sr. No.	Particulars
1	Increase in Remuneration of Rajkumar Sekhani
2	Increase in Remuneration of Harsh Vardhan Bassi
3	Increase in Borrowing Limits
4	Increase in amount of Mortgage limits

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

During the year the Company has passed the Special Resolution for issue of 8,50,000 Equity Shares of ₹10/- each on preferential basis by Postal Ballot on 21<sup>st</sup> May, 2015 as per the provisions of Companies Act, 2013.

The Company has appointed Mr. Sanjay Dholakia, Practising Company Secretary as the Scrutinizer for conducting and to scrutinize the postal Ballot and the e-voting process in a fair and transparent manner. The Scrutinizer had submitted his report to the Chairman of the Company. The results of Postal Ballot and e-voting are posted on the Company's website [www.pelhakoba.com](http://www.pelhakoba.com) and the communicated to the Stock exchanges where the Company's shares are listed. The details of voting pattern are as under:

Votes in favour of the resolutions		Votes in against of the resolutions	
Vote count assent	% of assent votes	Vote count dissent	% of dissent votes
9174938	99.98	1655	0.02

The Company has complied with the procedure and provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Management and Administration) Rules, 2014.

**12. 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. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at [www.pelhakoba.com](http://www.pelhakoba.com). Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.

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.

**13. Discretionary Requirements under Regulation 27 of Listing Regulation**

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges is provided below:

The Board: Chairman's office is occupied by Executive Chairman.

Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events are published in the news papers and are also posted on the Company's website, the same are not being sent to the shareholders.

Modified Opinion in Auditors Report: The Company's financial statement for the year 2016 does not contain any modified audit opinion.

Separate posts of Chairman and CEO: The Chairman of the Board is an Executive Director and his position is separate from that of the Managing Director & CEO.

Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

**14. Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015, 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.

**15. 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', & 'Mumbai Lakshdeep'. The results are displayed on the Company's Website: - [www.pelhakoba.com](http://www.pelhakoba.com).

**16. CEO/CFO Certification**

The Managing Director and CFO of the Company have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) of the Listing Regulations for the year ended 31<sup>st</sup> March, 2016.

The “Management Discussion and Analysis Report” forms part of this Annul Report.

**17. Subsidiary Companies**

There is no material Indian Subsidiary Company requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary Company. The requirements of the Regulation 24 of the Listing Regulations with regard to subsidiary companies have been complied with.

**General Shareholder Information**

- i) **AGM**  
Date and Time : 26<sup>th</sup> July, 2016 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 2016-17 (tentative) Financial year ends on March 31 every year**  
  
Financial Reporting For  
Quarter ending June 30, 2016 : By Second Week of August, 2016  
Half year ending September, 2016 : By Second Week of November, 2016  
Quarter ending December, 2016 : By Second Week of February, 2017  
Year ending March 31, 2017 : By Last Week of May, 2017  
Annual General Meeting (2016-17) : By end of September, 2017
- iii) **Date of Book Closure** : 22<sup>nd</sup> July, 2016 to 26<sup>th</sup> July, 2016 (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 & Stock Code** : National Stock Exchange of India Limited  
(Code: PIONEEREMB)  
BSE Limited (Code: 514300)
- vi) **Listing Fees** : Annual Listing Fees for the Financial Year 2016-2017 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 31<sup>st</sup> March, 2016 is as under:

Month	High Price (₹)	Low Price (₹)	Volume
April, 2015	46.50	21.90	13,10,331
May, 2015	45.00	34.50	4,33,922
June, 2015	38.40	31.30	2,80,123
July, 2015	42.00	31.70	2,85,762
August, 2015	48.00	26.15	8,50,570
September, 2015	32.95	27.15	1,07,406
October, 2015	45.50	29.10	3,86,161
November, 2015	59.50	35.00	14,91,659
December, 2015	83.50	55.90	20,79,819
January, 2016	97.85	63.60	11,64,917
February, 2016	76.45	42.65	4,66,002
March, 2016	57.90	44.05	2,14,233

# PIONEER EMBROIDERIES LIMITED

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- ix) **Performance in comparison to Broad-based indices such as BSE Sensex** : As against a fall of 9.35% in BSE Sensex during the year, the price of equity shares of the Company has risen by 134%.
- x) **Registrar & Share Transfer Agent** : Link Intime India Pvt. Limited.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West),  
Mumbai-400078.

## 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 31st March, 2016

Slab of No. of Shareholding (₹)	No. of Share holders	% to No. of Shareholders	Amount (₹)	% to paid-up capital
Upto 5000	20,863	91.39	1,38,50,540	7.46
5001 - 10000	908	3.98	74,91,420	4.04
10001 - 20000	511	2.24	77,87,660	4.20
20001 - 30000	164	0.72	42,33,010	2.28
30001 - 40000	92	0.40	32,97,780	1.78
40001 - 50000	71	0.31	32,64,070	1.81
50001 - 100000	119	0.52	85,45,390	4.61
> 100001	99	0.44	13,69,21,070	73.82
<b>Total</b>	<b>22,827</b>	<b>100.00</b>	<b>18,54,90,940</b>	<b>100.00</b>

## xiii) Categories of Shareholding Pattern as on 31st March, 2016

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Promoters	5	0.02	85,84,517	46.28
Mutual Funds & UTI	2	0.01	900	0.00
Banks/Financial Institutions/Ins/ Govt.	2	0.01	9,99,594	5.39
Foreign Institutional Investors	-	-	-	-
Corporates	268	1.17	13,03,588	7.03
Individuals	21,677	94.96	59,45,417	32.05
NRIs/OCBs	524	2.30	4,36,087	1.97
Others	349	1.53	12,78,991	6.90
<b>Total</b>	<b>22,827</b>	<b>100.00</b>	<b>1,85,49,094</b>	<b>100.00</b>

## xiv) Dematerialisation of Shares

The Company shares are traded compulsorily in dematerialized form. As on 31<sup>st</sup> March, 2016 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	3,73,951	2.01
Shares held in Demat Form	1,81,75,143	97.99
<b>TOTAL</b>	<b>1,85,49,094</b>	<b>100.00</b>

## xv) Outstanding GDRs / Warrants and Convertible Instruments

There are no outstanding GDRs / Warrants and Convertible Instruments as at 31<sup>st</sup> March, 2016.

## xvi) Commodity price risk or foreign exchange risk and hedging activities

The Company is not involved in any hedging activities.

## xvii) Plant Locations

- Sarigam, Gujarat
- Naroli, Dadra & Nagar Haveli
- Coimbatore, Tamilnadu
- Kala-amb, Himachal Pradesh



**xviii) 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-400078.  
Tel No.: (022) 25963838

Investors may also write or contact Mrs. Bharti Gandhi, Company Secretary and Compliance officer at the Corporate Office of the Company at:

Unit No 21 To 25, 2nd Floor Orient House,  
3A Udyog Nagar, Off S V Road,  
Goregaon (West),  
Mumbai-400062.  
Tel.: (022) 42232323  
Fax: (022) 42232313

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**Annexure 1 to Corporate Governance**

**DECLARATION REGARDING CODE OF CONDUCT**

We hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company for the year ended 31<sup>st</sup> March, 2016.

For Pioneer Embroideries Limited

**Harsh Vardhan Bassi**  
Managing Director  
Place: Mumbai  
Date: May 12, 2016

For Pioneer Embroideries Limited

**Nawal Sharma**  
Chief Financial Officer

**Managing Director / CFO Certification**

The Board of Directors  
Pioneer Embroideries Limited  
Mumbai.

We have reviewed the financial statements and the cash flow statement of Pioneer Embroideries Limited for the year ended 31<sup>st</sup> March, 2016 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Pioneer Embroideries Limited

**Harsh Vardhan Bassi**  
Managing Director

Place : Mumbai  
Date : May 12, 2016

For Pioneer Embroideries Limited

**Nawal Sharma**  
Chief Financial Officer

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**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**, ('the Company'), for the year ended on 31<sup>st</sup> March, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

We further 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's Registration Number: 121426W)

Place : Mumbai  
Date : May 12, 2016

**Mahesh Bhageria**  
Partner  
Membership Number: 034499



## 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, 2016 (for the period April 1, 2015 up to March 31, 2016).

### A: BUSINESS REVIEW

#### Global Textile & Apparel Industry Overview

The global textile market is estimated to be around US \$1.15 trillion, which is nearly 1.8% of the world's GDP. Almost 70-75% of this market is concentrated in Europe, USA, China and Japan. Presently, apparel constitutes more than half of the share of the global textile and apparel trade, followed by fabric and yarn. China is the single largest exporter with a 39% share while India stands at a distant second with a 5% share.

Various industry studies have estimated that the global apparel market will be around US\$ 2 trillion by 2020. While the apparel market is still largely dominated by EU & USA, countries like China, India and Russia are emerging as future destinations for apparel consumption. The high growth in the market will be primarily driven by the increase in population as well as the increase in per capita apparel spending in these countries. Currently, comparing the major markets, India has the lowest per capita spend on garment (\$37) which is only 3% of Australia, the highest one (\$1,131).

#### Indian Textile Overview

The high growth in apparel consumption in developing economies will drive the growth of textile manufacturing and trade in countries like India. The Indian textile industry accounts for about 24% of the world's spindle capacity and 8% of global rotor capacity. Abundant availability of raw materials like silk, wool, cotton and jute combined with a skilled workforce have made India a sourcing hub. Increased penetration of organized retail, favorable demographics, and rising income levels are likely to drive demand for textiles in the domestic segment.

The Textile Industry is one of the largest contributors to India's exports (11%) worth USD 41.7 billion in FY15, a growth of 3% over previous year, and was the second largest contributor to the country's overall exports during the year. The Textile Industry accounts for approximately 5% of India's GDP and 14% of overall Index of Industrial Production (IIP). It employs over 45 million people directly and 60 million indirectly, rendering it the second largest job creator after agriculture in the country.

The potential size of the Indian textiles and apparel industry is currently estimated to be around USD 108 billion and is expected to reach USD 190-220 billion by 2021-2025, according to various industry reports. According to the Ministry of Textiles, the domestic textile and apparel industry in India is estimated to reach USD 223 bn by 2021. Apparel exports from India are expected to increase to USD 82 bn by 2021, up from about USD 18 billion currently. Total cloth production in India is expected to grow to 112 billion sq. metres by FY17 from 64 billion sq. metres in FY14.

India's share in the global textile market is also set to increase to 8% in 2020, as China is expected to contribute lower in the next 5-6 years due to appreciating currency, rising labor costs, high energy costs and sharpening focus on domestic market. Countries like India, Vietnam, Bangladesh and Sri Lanka are likely to be the key beneficiaries. The total Indian textile exports are estimated to touch US \$ 60bn over the next 5 years. Growth in exports of certain segments has already increased, such as handicrafts (17%), carpets (15%) and ready-made garments (12%).

However, the textile and garment export sector may be negatively affected in the medium term depending upon the implementation of the Trans-Pacific Partnership, a duty-free trade agreement between 12 nations which include US, Canada and Japan, key countries to which India's textile and garment exports are substantial.

#### Segment overview

In the polyester yarn segment globally, polyester consumption is growing and gaining market share. Though the Indian textile industry is still cotton-focused, the consumption of polyester fibre in apparel and home textiles products is gaining momentum due to factors like fluctuation of cotton prices, increased presence & sourcing by global brands where polyester fibre dominates, growth of women's wear segment, growth of value retail etc.

India's embroidery market is also constantly growing and is one of the oldest and the most popular form of surface ornamentation of fabrics and garments and is getting more organized with large players entering the market. India is among the top suppliers of embroidered fabrics and garments worldwide. Demand for garments embellished with embroideries with sequins and crystals are quite strong in the international market, as also in India. However, while embroidery is used in a whole lot of products internationally, the market is still an unexplored one in India.

## Growth Outlook

The domestic economy is on a revival path and will continue to improve in 2016-17. The future of the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. Factors like consumerism, rapid urbanization, increase in penetration of organized retail, e-commerce boom, growth in per capita income and disposable income levels, increased awareness about the benefits of textiles and favorable demographics is expected to propel the consumption of apparels and other textile products.

Several steps have been taken to revive the textile and apparels exports in 2016-17. These include enhancement of market coverage under Merchandise Exports from India Scheme (MEIS) for fabrics, apparels and manmade fibre spun yarns, increase in duty drawback rates on certain manmade fabric and 3% interest subvention on exports of readymade garments, fabrics and made-ups.

The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS) and National Handloom Development Program. TUFS has been continued for the 12th Plan (2012-17) under **Revised Restructured TUFS (RR- TUFS)** with a budgetary allocation of ₹11,952 crs. About 72 Textiles Park projects have been approved so far in 10th, 11<sup>th</sup> & 12<sup>th</sup> Five Year Plans. Another 20 new Textile Parks have been sanctioned in FY 2014 - 2015, for facilitating investment up to ₹4,500 crs and generating employment for 66,000 people. Three new textile parks have been sanctioned in FY 2015 - 2016.

The Integrated Skill Development Scheme (ISDS) has been scaled up during the 12<sup>th</sup> Plan with an allocation of ₹1,900 crs to train about 2.67 million persons over next five years to meet the needs of the industry for a skilled workforce and thereby support its competitiveness, while providing employment to many. This scheme would cover all sub-sectors of the textile sector, such as textiles and apparel, handicrafts, handlooms, jute and sericulture.

A major initiative under **North Eastern Region Textiles Promotion Scheme (NERTPS)** for construction of Apparel and Garment manufacturing centres in the NE States was launched in 2014, with the objective to promote employment in the NE States and encourage entrepreneurship especially amongst women, in the area of garmenting. NERTPS is an umbrella scheme for the development of various segments of textiles, i.e. silk, handlooms, handicrafts and apparels & garments, with a total outlay of ₹1,038 crore in the 12th Five Year Plan.

Sources: Various industry reports and data from government sources

## B: FINANCIAL OVERVIEW

The company has achieved a turnover of ₹25,536 lacs during the year under review, as against ₹27,154 lacs in the previous year, a drop of about 6%. The turnover was lower mainly due to a fall in crude oil prices during the year under report and a resultant fall in DDPY sales in rupee term, which constitutes almost three-fourth of the turnover of the Company. However, the fall in realization has been offset by a corresponding reduction in raw material prices.

Exports of the Company grew over 8% to ₹4,562 lacs during the year under review.

### Operating Expenses

Operating expenses for the year ended 31<sup>st</sup> March, 2016 were ₹22,855 lacs (Previous year ₹25,032 lacs).

### Interest Cost

The interest cost for the year under review dropped significantly by about 22% to ₹941 lacs, as the Company's continued efforts in the previous years towards debt resolution have yielded desired results. The payment obligations under OTS arrived with State Bank of India have been completed, and with Corporation Bank are underway. The total secured borrowings as on year-end FY16 stand only at about ₹7,610 lacs, including working capital of ₹950 lacs, substantially lower than the outstanding amount 3-4 years ago.

### Profits

The Company has earned a profit of ₹2,152 lacs from operations, during the year as against ₹2,520 lacs during the previous financial year, a drop of about 14%. The profit before tax and exceptional items is ₹2,168 lacs during the year as against ₹1,317 lacs during the previous financial year. The Company has generated cash profit of ₹1,210 lacs from operations during the year as against ₹1,319 lacs during the previous financial year.

## C: PERFORMANCE REVIEW

Apart from manufacturing and processing various types of laces, Pioneer 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:

# PIONEER EMBROIDERIES LIMITED

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Product	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)
Processing of Synthetic & Cotton Fabrics, Guipure and Fabric Laces, Allover Embroidered Fabrics	Sarigam (Gujarat)
Product development for Embroideries	Gurgaon-Haryana

## Dope Dyed Polyester Yarn

Dope Dyed Polyester Yarn (DDPY) business witnessed a drop in revenues, consequent to the fall in crude oil prices. The turnover for FY2015-16 stood at ₹19,340, down by 9% over the preceding financial year. The revenue drop was higher in domestic sales, as it fell 15% to ₹15,326 lacs. In contrast, DDPY exports grew by 21% to ₹4,014 lacs over previous year. Operating profit of the DDPY business stood at ₹2,305 lacs, as against ₹2,448 lacs in the previous year.

The share of value-added products in overall turnover continues to rise, leading to improvement in operating margins. Compared to the previous year, there has been an increase in the component of high-margin products during FY2015-16, both in terms of volume (65% to 69%) and value (72% to 75%). Operating margin for the DDPY segment increased to 11.9% from 11.5% earlier.

The Company is working towards expanding its DDPY capacity from the current 12,000 MTA in the coming quarters.

## Embroidery Business

After a good performance in FY2014-15, the Embroidery Business again faced headwinds during FY2015-16, with the margins getting affected due to increased competition from the unorganized sector. While the overall turnover grew about 5% to ₹6,196 lacs, operating profit were lower at ₹393 lacs as against ₹679 lacs in the previous year. The operating margin for the year under review stood at 6.3%, as against 11.5% in the previous year.

In the domestic market, Pioneer continues to offer a varied range of embroidery products and maintains its special position by leveraging its strength in product development, superior quality control and manufacturing capability to differentiate in the market. In FY2015-16, the domestic business witnessed a rise of 13% to ₹5,648 lacs. The Company expects to improve its performance and profitability in the coming quarters, for which the Company needs to overcome problems such as frequent break downs, high maintenance and labor costs and also working capital paucity.

Within the overall Embroidery business, the Braided Lace segment experienced a down cycle in the year under review. While the segment recorded a turnover of ₹525 lacs as against a turnover ₹505 lacs during the previous year, EBIDTA for the year dropped to ₹56 lacs as against ₹163 lacs during the previous 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, 2016, 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 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 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. 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, 2016, and its profit 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, 2016 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" 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) 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, if any, 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 is no amount that is 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: May 12, 2016

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## Annexure "A" to the Independent Auditors' Report

Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements, of the Independent Auditors' Report of even date to the members of Pioneer Embroideries Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2016.

- i. a) The Company is generally 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.
- c) The title deeds of immovable properties, as disclosed in Note 10 on fixed assets to the financial statements, are held in the name of the Company, except for leasehold land and building acquired pursuant to the scheme of merger, having a carrying value of ₹60.24 lacs as at 31<sup>st</sup> March, 2016.
- ii. The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the management. In respect of inventory lying with the third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of the Company.
- iii. As per the information and explanation given to us and the records produced before us for verification, the Company has granted unsecured loans to four companies and one limited liability partnership covered in the register maintained under Section 189 of the Act.
  - a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest except that these loans are interest free.
  - b) As explained to us, receipt of principal amount is on demand basis and there is no fixed repayment schedule.
  - c) There is no overdue amount as these loans are on demand basis.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of the loans, investments, guarantees, and securities except that such loans are given interest free.
- 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 Act and the rules framed there under.

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- vi. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to Rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of section 148 of the Act, and are of opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- 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, 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 31<sup>st</sup> March, 2016 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 service tax or duty of customs or duty of excise or value added tax, which have not been deposited as on 31<sup>st</sup> March, 2016 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

- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings 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 of default as at the Balance Sheet Date (₹ in lacs)
Corporation Bank	2011-2016	100.00
Small Industrial Development Bank of India	2011-2016	91.25
Union Bank of India	March 16	21.56
Landes Bank Baden Wurttemberg, Germany	October 15 to March 16	95.53

- ix. 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.
- x. According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the company has made a preferential allotment of equity shares during the year under review and the requirement of section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

Place: Mumbai  
Date: May 12, 2016

## Annexure "B" to the Independent Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Pioneer Embroideries Limited ("the Company"), as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

Place: Mumbai  
Date: May 12, 2016



**BALANCE SHEET AS AT 31ST MARCH, 2016**

(₹ in lacs)

Particulars	Note	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	3,521.49	4,068.99
(b) Reserves and Surplus	3	7,297.85	9,632.36
<b>2 Share Application Money</b>	4	-	297.50
<b>3 Non-Current Liabilities</b>			
Long Term Borrowings	5	4,648.72	3,540.52
<b>4 Current Liabilities</b>			
(a) Short Term Borrowings	6	1,146.17	3,434.11
(b) Trade Payables	7	2,343.10	1,852.04
(c) Other Current Liabilities	8	2,605.29	5,781.98
(d) Short Term Provisions	9	707.72	670.76
		<u>22,270.34</u>	<u>29,278.26</u>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		7,770.93	8,253.64
(ii) Intangible Assets		33.42	39.88
(iii) Capital Work- in- Progress		335.78	494.12
(b) Non-Current Investments	11	5,251.79	2,659.64
(c) Long Term Loans and Advances	12	1,906.69	2,119.00
(d) Other Non Current Assets	13	56.81	34.67
<b>2 Current Assets</b>			
(a) Inventories	14	2,854.81	3,324.44
(b) Trade Receivables	15	2,463.38	3,505.47
(c) Cash & Cash Equivalents	16	153.23	397.61
(d) Short Term Loans & Advances	17	1,317.71	8,231.53
(e) Other Current Assets	18	125.79	218.26
		<u>22,270.34</u>	<u>29,278.26</u>

Significant Accounting Policies 1

These notes 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 Number: 121426W)

For & on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership Number: 034499

**NAWAL SHARMA**

Chief Financial Officer

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**BHARATI S GANDHI**

Company Secretary

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: May 12, 2016





**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

		(₹ in lacs)	
Particulars	Note	Year Ended 31.03.2016	Year Ended 31.03.2015
I	Gross Revenue from Operations	25,536.15	27,154.53
	Less: Excise Duty	-	-
	Net Revenue from Operations	<u>25,536.15</u>	<u>27,154.53</u>
II	Other Income	2,370.05	1,729.03
III	<b>Total Revenue (I + II)</b>	<b><u>27,906.20</u></b>	<b><u>28,883.56</u></b>
IV	<b>Expenses:</b>		
	Cost of Raw Materials Consumed	13,379.76	15,997.73
	Purchases of Stock-in-Trade	650.93	317.26
	Changes in Inventories	529.02	(397.24)
	Employee Benefits Expense	2,999.59	2,945.62
	Finance Costs	941.30	1,201.13
	Depreciation and Amortization Expenses	1,412.09	1,730.39
	Other Expenses	5,825.13	5,771.47
	<b>Total Expenses</b>	<b><u>25,737.82</u></b>	<b><u>27,566.36</u></b>
V	Profit before Exceptional and Extraordinary Items and Tax (III-IV)	2,168.38	1,317.20
VI	Exceptional Items	522.23	1,105.55
VII	Profit before Tax (V-VI)	1,646.15	211.65
VIII	Tax Expenses	-	-
IX	Profit for the year (VII-VIII)	<u>1,646.15</u>	<u>211.65</u>
X	Earning per Equity Share		
	(1) Basic	8.93	1.20
	(2) Diluted	7.67	0.70

Significant Accounting Policies

1

These notes 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 Number: 121426W)

For & on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership Number: 034499

**NAWAL SHARMA**

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DIN 00102843

**BHARATI S GANDHI**

Company Secretary

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: May 12, 2016



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before extraordinary items and tax	1,646.15	211.65
<b>Adjustment for :</b>		
Depreciation and Amortisation	1,412.09	1,730.39
(Profit) on Sale of Assets (net)	(3.28)	(2.20)
Interest Income	(35.20)	(1,041.79)
Finance Costs	941.30	1,201.13
Provision for Doubtful Trade Receivable	85.66	701.06
Doubtful Advances written off	1,881.52	404.49
Bank Liability written back on settlement	(1,585.38)	-
Custom Duty on Capital Goods	140.43	-
Liabilities/Provisions no longer required written back	(1,742.98)	(408.58)
Net unrealised exchange gain	(286.84)	(207.04)
Operating Profit before Working Capital Changes	<u>2,453.47</u>	<u>2,377.46</u>
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	469.63	(438.44)
Trade Receivables	956.43	449.07
Short Term Loans and Advances	2,029.03	(67.77)
Long Term Loans and Advances	(244.35)	(85.62)
Other Currents Assets	92.47	(83.98)
Other Non Current Assets	(22.14)	(3.37)
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	491.06	2.04
Other Current Liabilities	(581.85)	(3,031.37)
Short Term Provisions	36.96	175.60
Cash generated from operation	<u>5,680.71</u>	<u>(494.73)</u>
Net income tax (paid) / refunds	(49.23)	(25.71)
<b>Net Cash from Operating Activities</b>	<u>5,631.48</u>	<u>(520.44)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure on Fixed Assets, including capital advances	(797.74)	(497.75)
Proceeds from Sale of Fixed Assets (net of advance)	36.44	11.01
Purchase of Long Term Investments - Subsidiary	(3,621.90)	-
Proceeds from Sale of Long Term Investments - Others	0.09	-
Custom Duty on Capital Goods	(140.43)	-
Interest received - Associates	-	1,012.48
Interest received - Others	35.20	29.30
<b>Net cash from / (used) in Investing Activities</b>	<u>(4,488.34)</u>	<u>555.04</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Equity Share Capital (including Share Premium)	297.50	-
Share application money received	(297.50)	297.50
Proceeds from / (Repayment) of Long Term Borrowing (Net)	1,108.20	2,416.56
Net increase / (decrease) in Working Capital Borrowings	(1,571.76)	(1,467.30)
Proceeds from Other Short Term Borrowings	196.14	-
Finance Costs	(1,120.10)	(1,191.08)
Unpaid Dividend Account	-	(3.65)
<b>Net cash used in Financing Activities</b>	<u>(1,387.52)</u>	<u>52.03</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(244.38)	86.63
Cash and Cash Equivalent (Opening balances) as on 31-03-2015	397.61	310.98
Cash and Cash Equivalent (Closing balances) as on 31-03-2016	153.23	397.61

As per our Report of even date attached herewith  
For **M B A H & CO**  
Chartered Accountants  
(Firm Regn Number : 121426W)

**MAHESH BHAGERIA**  
Partner  
Membership Number : 034499

**NAWAL SHARMA**  
Chief Financial Officer

**RAJ KUMAR SEKHANI**  
Chairman  
DIN 00102843

**BHARATI S GANDHI**  
Company Secretary

**HARSH VARDHAN BASSI**  
Managing Director  
DIN 00102941

Place: Mumbai  
Date: May 12, 2016

**NOTES ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016****Note - 1 : SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of preparation of Financial Statements**

These financial statements have been prepared to comply with the generally accepted accounting principles 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 cost 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, except where the decline is considered permanent.

**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, 2016**

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.

**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 31.03.2016		As at 31.03.2015	
	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	18,549,094	1,854.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	16,665,830	1,666.58	22,990,830	2,299.08
	<b>35,214,924</b>	<b>3,521.49</b>	<b>40,689,924</b>	<b>4,068.99</b>
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each	18,549,094	1,854.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	16,665,830	1,666.58	22,990,830	2,299.08
	<b>35,214,924</b>	<b>3,521.49</b>	<b>40,689,924</b>	<b>4,068.99</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 31.03.2016		As at 31.03.2015	
	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	850,000	85.00	-	-
As at the end of the financial year	<b>18,549,094</b>	<b>1,854.91</b>	<b>17,699,094</b>	<b>1,769.91</b>
<b>Preference Shares</b>				
As at the beginning of the financial year	22,990,830	2,299.08	26,740,830	2,674.08
Add/(Less): Issued/(Surrendered) during the year (Refer Note 31(b))	(6,325,000)	(632.50)	(3,750,000)	(375.00)
As at the end of the financial year	<b>16,665,830</b>	<b>1,666.58</b>	<b>22,990,830</b>	<b>2,299.08</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. However, first installment due on September 30, 2015 could not be redeemed in absence of distributable profit.

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

Class of shares / Name of shareholder	As at 31.03.2016		As at 31.03.2015	
	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	11.03	2,045,718	11.56
<b>Promoters Group</b>				
Pioneer E-Com Fashions Ltd. (converted into Pioneer E-Com Fashions LLP)	6,481,726	34.94	6,481,726	36.62

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

Class of shares / Name of shareholder	As at 31.03.2016		As at 31 March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Others</b>				
Union Bank of India	5,126,360	30.76	5,126,360	22.30
EXIM Bank	4,998,700	29.99	4,998,700	21.74
Kotak Mahindra Bank Ltd.	4,263,000	25.58	4,263,000	18.54
Corporation Bank	1,822,770	10.94	1,822,770	7.93
State Bank of India	-	-	6,325,000	27.51

## NOTE -3 RESERVE & SURPLUS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Capital Reserve</b>		
Opening Balance	12,829.41	12,255.88
Add: Consequent to Settlement of Loans (Refer Note 31(b))	632.50	573.53
Less: Consequent to Provision for Investments /Loan & Advances given (Refer Note 12.1(c), 17.3 & 17.4)	(4,825.66)	-
Balance as at the end of the year	<u>8,636.25</u>	<u>12,829.41</u>
<b>Share Premium</b>		
Opening Balance	1,353.64	1,353.64
Add: During the year	212.50	-
Balance as at the end of the year	<u>1,566.14</u>	<u>1,353.64</u>
<b>Statement of Profit and Loss</b>		
Opening Balance	(4,550.69)	(4,762.34)
Add: Profit for the year	<u>1,646.15</u>	<u>211.65</u>
Balance as at the end of the year	<u>(2,904.54)</u>	<u>(4,550.69)</u>
	<u>7,297.85</u>	<u>9,632.36</u>

## NOTE -4 SHARE APPLICATION MONEY

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Share Application Money</b>	-	297.50
	<u>-</u>	<u>297.50</u>

## NOTE -4.1

The Company has issued 8,50,000 equity shares during the year 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 31.03.2016	As at 31.03.2015
<b>Secured Loans</b>		
(i) Term Loans from Banks	2,084.83	2,249.72
(ii) Funded Interest Term Loans from Banks	262.35	428.79
(iii) Working Capital Term Loans from Banks	2,036.87	467.19
(iv) Foreign Currency Term Loan from Banks	191.06	343.53
(v) Vehicle Loan from Banks	23.05	0.73
(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)	<u>4,648.72</u>	<u>3,540.52</u>

**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, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group 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, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group of the Company.

The Working Capital Term Loan from Kotak Mahindra Bank Ltd. is secured by first pari passu charge over fixed assets and current assets of the Company both present & future with other lenders & by personal guarantee of Chairman of the Company. The loan is further secured by pledge of company's certain shares by promoter and promoter group 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 is repayable over 5 years from February 2015 to March 2020 and carries no interest.
- ii) Term Loan of Kotak Mahindra Bank Ltd. (assignee HDFC Bank Ltd.) of ₹1702 lacs was settled for ₹1300 lacs in FY 2014-15 and 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 quarterly installments ending September 2018 and carries interest @16.65% p.a. presently.
- iv) Working Capital Term Loan from Kotak Mahindra Bank Ltd. is repayable in monthly installments ending September 2019 and carries interest @22% p.a.
- v) Foreign Currency Term Loan from Landes Bank Baden Wurttemberg is repayable in half yearly instalments ending September 2018 and presently carries interest @0.50% p.a.

**NOTE -6 SHORT TERM BORROWINGS**

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Loans Repayable on Demand		
Cash Credit from Bank	950.03	3,434.11
	<u>950.03</u>	<u>3,434.11</u>
<b>Unsecured</b>		
Short Term Loans Repayable on Demand		
Inter Corporate Deposits	196.14	-
	<u>196.14</u>	<u>-</u>
	<u>1,146.17</u>	<u>3,434.11</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 31.03.2016	As at 31.03.2015
<b>Trade Payables</b>		
For Goods	1,496.04	1,297.09
For Services / Others	847.06	554.95
	<u>2,343.10</u>	<u>1,852.04</u>

**NOTE -7.1**

Trade Payables include outstanding from a related enterprise Kiran Industries Pvt. Ltd. of ₹0.83 lacs ( ₹22.03 lacs), Kiran Texpro Pvt. Ltd. of ₹15.43 lacs.



**NOTE -8 OTHER CURRENT LIABILITIES**

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>a) Current maturities of Long Term Debt - Secured</b>		
(i) Term Loans from Banks	688.59	868.66
(ii) Funded Interest Term Loans from Banks	195.40	332.05
(iii) Working Capital Term Loans from Banks	578.28	1,945.53
(iv) Foreign Currency Term Loan from Bank	222.91	114.51
(v) Vehicle Loan from Banks	5.75	0.99
<b>b) Interest provided</b>		
(i) Term Loans from Banks	262.33	547.56
(ii) Funded Interest Term Loans from Banks	13.91	170.48
(iii) Working Capital Term Loans from Banks	19.53	619.23
(iv) Foreign Currency Term Loan from Bank	2.24	1.68
(v) Loan from Life Insurance Corporation of India	23.15	14.85
c) Provision for Interest accrued but not due	28.28	5.11
d) Advance from Customers	422.40	742.32
e) Liability for Capital Expenditure	77.68	152.30
f) Statutory Dues	27.96	41.75
g) Remuneration payable to Directors	3.47	2.18
h) Others	33.41	222.78
	<u>2,605.29</u>	<u>5,781.98</u>

**NOTE - 8.1**

The long term debts were restructured under CDR Scheme and were repayable over a 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 in FY 2013-14.

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 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, by the personal guarantee of the Chairman of the Company, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group of the Company.

**NOTE - 8.2**

Advance from customers includes advance from related enterprise of ₹44.93 lacs (₹35.16 lacs) received from Kiran Industries Pvt. Ltd., and advance of ₹20.76 lacs (₹21.23 lacs) from M/s J J Sons.

**NOTE -9 SHORT TERM PROVISIONS**

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Provision For Employee Benefits</b>		
Salary/Wages Payable	438.88	444.78
Contribution to Funds	14.05	16.27
Provision for Gratuity	254.79	209.71
	<u>707.72</u>	<u>670.76</u>



# PIONEER EMBROIDERIES LIMITED

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## NOTE -10 FIXED ASSETS

(₹ in lacs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2015	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2016	As at 01.04.2015	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	<b>Tangible Assets:</b>										
1	Land - Owned	468.46	-	-	468.46	-	-	-	-	468.46	468.46
	- Leasehold	29.82	-	-	29.82	4.71	0.30	-	5.01	24.81	25.11
2	Buildings	3,618.47	230.81	-	3,849.28	1,052.86	125.89	-	1,178.75	2,670.53	2,565.61
	- Lift	38.30	-	-	38.30	14.13	5.44	-	19.57	18.73	24.17
3	Plant & Machineries	14,009.63	598.60	823.02	13,785.21	9,406.27	1,089.98	792.53	9,703.72	4,081.49	4,603.36
4	Furniture & Fixtures	281.75	8.08	-	289.83	228.07	20.31	-	248.38	41.45	53.68
5	Vehicles	221.19	42.73	23.07	240.85	189.20	11.64	21.81	179.03	61.82	31.99
6	Office Equipments	126.48	3.97	2.23	128.22	110.39	5.41	2.23	113.57	14.65	16.09
7	Computers	235.53	24.60	39.95	220.18	224.40	6.68	39.41	191.67	28.51	11.13
8	Electrical Installations	860.57	45.29	1.41	904.45	410.57	134.02	0.54	544.05	360.40	450.00
9	Borewell	10.83	-	-	10.83	6.79	3.96	-	10.75	0.08	4.04
	<b>Sub Total</b>	<b>19,901.03</b>	<b>954.08</b>	<b>889.68</b>	<b>19,965.43</b>	<b>11,647.39</b>	<b>1,403.63</b>	<b>856.52</b>	<b>12,194.50</b>	<b>7,770.93</b>	<b>8,253.64</b>
	<b>Intangible Assets:</b>										
10	Computer Softwares	84.24	2.00	1.68	84.56	44.36	8.46	1.68	51.14	33.42	39.88
	<b>Sub Total</b>	<b>84.24</b>	<b>2.00</b>	<b>1.68</b>	<b>84.56</b>	<b>44.36</b>	<b>8.46</b>	<b>1.68</b>	<b>51.14</b>	<b>33.42</b>	<b>39.88</b>
	<b>Total</b>	<b>19,985.27</b>	<b>956.08</b>	<b>891.36</b>	<b>20,049.99</b>	<b>11,691.75</b>	<b>1,412.09</b>	<b>858.20</b>	<b>12,245.64</b>	<b>7,804.35</b>	<b>8,293.52</b>
	Previous Year	19,649.16	349.50	13.39	19,985.27	9,965.94	1,730.39	4.58	11,691.75	8,293.52	
	Capital Work-in-progress									335.78	494.12
										8,140.13	8,787.64

### 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.
- Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.
- Capital Work in progress includes a sum of ₹335.78 lacs spent for ongoing expansion at Kala-amb unit.

**NOTE -11 NON-CURRENT INVESTMENTS**

Particulars	As at 31.03.2016		As at 31.03.2015	
	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)	48,463,117	4,768.90	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) (Cost ₹102,966,500/- less provision made ₹102,966,500/-)	100,000	-	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 (I) Limited (Associate Concern) (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	-	-	-	0.09
	<u>55,308,296</u>	<u>5,251.79</u>	<u>18,315,179</u>	<u>2,659.64</u>

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

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
a) Capital Advances (unsecured, considered good)	515.18	209.02
b) Security Deposits (unsecured, considered good)	159.76	158.58
c) Income Tax Refund Receivable (net)	174.75	125.52
d) Other Loans and Advances (unsecured, considered good)		
Advances to Arcot Textile Mills Ltd.	962.00	975.00
Other (net of provision of ₹505.88 lacs for doubtful advances)	95.00	650.88
	<u>1,906.69</u>	<u>2,119.00</u>

**NOTE - 12.1**

- a) Capital advance of ₹515.18 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 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, ₹143.00 lacs has been returned by ATML.
- c) The Company has made provision for doubtful advances of ₹505.88 lacs during the year in view of non recovery of the same since long.

**NOTE -13 OTHER NON CURRENT ASSETS**

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
Fixed Deposit		
Fixed Deposit in Banks with more than 12 months maturity	56.81	34.67
	<u>56.81</u>	<u>34.67</u>

**NOTE -14 INVENTORIES**

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
(As certified by Management)		
a) Raw Materials	726.05	650.07
b) Work-in-progress	570.46	466.19
c) Finished Goods	1,492.19	2,125.48
d) Store & Spares	38.79	52.34
e) Packing Material	27.32	30.36
	<u>2,854.81</u>	<u>3,324.44</u>

**NOTE -15 TRADE RECEIVABLES**

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Unsecured</b>		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	241.94	1,870.49
Considered Doubtful/Bad	786.71	701.06
Less: Provision for Doubtful Trade Receivables	<u>(786.71)</u>	<u>(701.06)</u>
	241.94	1,870.49
Others		
Considered Good	2,221.44	1,634.98
	<u>2,463.38</u>	<u>3,505.47</u>

**NOTE -15.1**

Trade receivables include outstanding from:

- a) Subsidiary Company Hakoba Lifestyle Ltd. of ₹Nil (₹1,546.97 lacs).
- b) Related enterprise Thakurdas & Co. Pvt. Ltd. of ₹36.30 lacs (₹67.78 lacs).

# PIONEER EMBROIDERIES LIMITED

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## NOTE -16 CASH & CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
a) Balances with Banks		
In Current Accounts	94.59	280.01
b) Cash in hand	58.64	117.60
	<u>153.23</u>	<u>397.61</u>

## NOTE -17 SHORT TERM LOANS & ADVANCES

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Short Term Loan &amp; Advances (unsecured, considered good)</b>		
<b>Subsidiaries/JV</b>		
Hakoba Lifestyle Ltd.	0.17	1,940.72
Mas Embroideries Pvt. Ltd.	77.90	77.82
Pioneer Realty Ltd.	2.08	51.88
S.R Investments Ltd. (considered doubtful)	-	163.52
Super Industries DMCC (JV) (considered doubtful)(Net of Provision)	-	4,634.27
<b>Related Party</b>		
Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.)	1,032.75	1,045.47
<b>Others</b>		
Advances recoverable in cash or in kind (net of provision of ₹87.00 lacs)	109.67	169.25
Loan & Advance to Staff	47.13	39.77
Prepaid Expenses	19.42	31.88
Other Advances and Balances	28.59	76.95
	<u>1,317.71</u>	<u>8,231.53</u>

### NOTE - 17.1

The Company has an investment of ₹4,768.90 lacs (₹1,147.00 lacs) in Hakoba Lifestyle Limited (HLL), a subsidiary of the Company. The Company has increased its shareholding by way of subscription to right issue by HLL. The Company has loans and advances of ₹0.17 lacs (₹1,940.72 lacs) recoverable from HLL. The net worth of HLL as on 31<sup>st</sup> March, 2016 is negative of ₹412.02 lacs. The Company is exploring options to unlock long-term strategic value of the investment in HLL 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 ₹77.90 lacs (₹77.82 lacs) to MAPL. The accumulated losses of MAPL as at 31<sup>st</sup> March, 2016 amounting to ₹329.26 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

a) 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 30<sup>th</sup> June every year. Since the Company has decided to liquidate SRIL, the Company has made provision for diminution in value of investment of ₹1,029.66 lacs during the year and treated the same as non-monetary item & debited the same to Capital Reserve.

b) 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 0.26 mn. (USD 0.65 mn.) as bad debt out of the same as per general permission under FEMA.

### 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 has failed completely, the Company has decided to consider the investment made as doubtful of recovery and accordingly, it has made provision for the entire amount of USD 4.96 mn. (₹3,290.11 lacs) during the year. The unpaid, accrued service charge of ₹1,621.23 lacs (USD 2.44 mn.) levied on the investment/advance amount upto FY 2012-13 has also been considered as non recoverable bad debt. The Company has treated the interest reversal as monetary item and debited the same to Statement of Profit & Loss and principal amount as non-monetary item and debited the same to Capital reserve.

# PIONEER EMBROIDERIES LIMITED

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## NOTE - 17.5

Interest free unsecured loans and advances of ₹1,032.75 lacs (₹1,045.47 lacs) to Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.), an associate concern is considered good for recovery as per the management of the Company. Pioneer E-com Fashions LLP has pledged 37.98 lacs equity shares of Pioneer Embroideries Ltd. to the lenders of the Company.

## NOTE -18 OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
(Unsecured, considered good)		
<b>Other Loans and Advances</b>		
Accrued Export and Other Incentives	124.65	205.66
Insurance Claim Receivables	0.35	0.60
Interest Receivables (TUF)	0.79	12.00
	<u>125.79</u>	<u>218.26</u>

## NOTE -19 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Sale of Products - Yarn, Embroidery Fabric &amp; Laces*</b>		
Domestic Sales	20,857.83	22,652.74
Export Sales	4,252.52	3,874.09
Other Operating Revenue (Including Export Incentives)	425.80	627.70
Gross Revenue from Operations	<u>25,536.15</u>	<u>27,154.53</u>
Less: Excise duty	-	-
	<u>25,536.15</u>	<u>27,154.53</u>

### \*Detail of Sale of Products

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Manufactured Goods</b>		
Dope Dyed Polyester Yarn	18,941.40	20,713.15
Embroidered Fabric & Laces	5,403.48	5,175.81
Spun Yarn	2.88	1.72
	<u>24,347.76</u>	<u>25,890.68</u>
<b>Traded Goods</b>		
Embroidered Fabric & Laces	762.59	636.15
	<u>762.59</u>	<u>636.15</u>
	<u>25,110.35</u>	<u>26,526.83</u>

## NOTE -19.1

Sales include sales made to related enterprises M/s J J Sons ₹30.09 lacs (₹63.54 lacs), Thakurdas & Co. Pvt. Ltd. ₹34.86 lacs (₹198.40 lacs), Kiran Industries Pvt. Ltd. ₹644.56 lacs (₹445.46 lacs), Kiran Texpro Pvt. Ltd. ₹5.61 (₹8.09 lacs) lacs and associate concern Crystal Lace (I) Ltd. ₹456.29 lacs.

# PIONEER EMBROIDERIES LIMITED

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## NOTE -20 OTHER INCOME

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest on Loan to Associate Concern	-	1,012.48
Interest from Others	35.20	29.31
Adjustments to Carrying Amount of Loan given to Subsidiary/JV(Net)	286.84	207.04
Profit on Fixed Assets sold (Net)	3.28	2.20
Liabilities/Provisions no longer required written back (refer note No 31(b))	1,742.98	408.58
Misc. Non Operating Income (Net)	256.13	37.94
Gain on Exchange Rate Difference (Net)	45.62	31.48
	<u>2,370.05</u>	<u>1,729.03</u>

## NOTE -21 COST OF MATERIAL CONSUMED

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Cost of Raw Material Consumed</b>		
Opening Stock	650.07	623.35
Purchases during the year	<u>13,455.75</u>	<u>16,024.45</u>
	14,105.82	16,647.80
Less:- Closing Stock	<u>726.06</u>	<u>650.07</u>
	<u>13,379.76</u>	<u>15,997.73</u>

### NOTE -21.1

Purchases include trade purchases from related enterprises M/s J J Sons ₹ 0.13 lacs (₹21.29 lacs), Kiran Industries Pvt. Ltd. ₹34.28 lacs (₹115.85 lacs), Kiran Texpro Pvt. Ltd. ₹27.93 lacs, associate concern Crystal Lace (I) Ltd. ₹1.28 lacs (₹Nil).

## NOTE -22 CHANGE IN INVENTORIES

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Opening Inventories</b>		
Work-in-Progress	466.19	367.22
Finished Goods	<u>2,125.48</u>	<u>1,827.21</u>
	<u>2,591.67</u>	<u>2,194.43</u>
<b>Less: Closing Inventories</b>		
Work-in-Progress	570.46	466.19
Finished Goods	<u>1,492.19</u>	<u>2,125.48</u>
	<u>2,062.65</u>	<u>2,591.67</u>
	<u>529.02</u>	<u>(397.24)</u>

## NOTE -23 EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
a) Salaries, Wages and Incentives	2,780.50	2,731.29
b) Contribution to Funds	95.64	86.55
c) Staff Welfare Expenses	<u>123.45</u>	<u>127.78</u>
	<u>2,999.59</u>	<u>2,945.62</u>

# PIONEER EMBROIDERIES LIMITED

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## NOTE -24 FINANCE COSTS

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Interest expense</b>		
a) Interest on Borrowings	808.28	1,213.56
b) Interest - Others	28.41	39.30
c) Other Borrowing Costs	58.80	23.39
d) Net Gain/Loss on Foreign Currency Transactions and Translation	45.81	(75.12)
	<u>941.30</u>	<u>1,201.13</u>

## NOTE -25 OTHER EXPENSES

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Directors Remuneration	80.99	80.75
Directors Sitting Fees	1.28	1.05
Donations	0.13	0.13
Insurance	18.08	24.55
Job Charges	239.48	260.84
Legal & Professional Fees	141.03	114.18
Miscellaneous Expenses	551.60	523.39
Packing Material Consumed	893.55	915.32
Payment to Auditors*	13.17	12.92
Power & Fuel	2,019.15	1,994.47
Rates & Taxes	38.88	41.22
Rent	77.05	97.25
Repair & Maintenance Buildings	16.90	23.53
Repair & Maintenance Plant & Machinery	98.48	81.81
Repair & Maintenance Others	78.79	65.48
Selling Expenses	1,202.18	1,212.00
Stores & Spares Consumed	354.39	322.58
	<u>5,825.13</u>	<u>5,771.47</u>

### \* Details of payment to Auditors

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
a) for Statutory & Tax Audit	13.17	12.92
b) for Taxation Matter	-	-
c) for Other Services	-	-
	<u>13.17</u>	<u>12.92</u>

## NOTE -26 EXCEPTIONAL ITEMS

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
a) Doubtful Advances written off	1,881.52	404.49
b) Provision for Doubtful Trade Receivable	85.66	701.06
c) Custom Duty on Capital Assets including provision for interest	140.43	-
d) Bank Liability written back on settlement (refer note No 31(b))	(1,585.38)	-
	<u>522.23</u>	<u>1,105.55</u>

**NOTE -26.1**

- a) Doubtful advances written off include
  - i) Written off of advances to subsidiary S.R Investments Ltd. of ₹173.29 lacs (₹404.49 lacs) as per general permission under FEMA,
  - ii) Written off of Interest recoverable from M/s Super Industries DMCC of ₹1,621.23 lacs,
  - iii) Provision for doubtful other advances of ₹87.00 lacs, as management find it non recoverable.
- b) Company has made provision for doubtful trade receivable related to export receivables of ₹21.54 lacs (₹701.06 lacs) and other domestic receivables of ₹64.12 lacs during the year.
- c) Company has provided for custom duty on capital goods of ₹57.86 lacs and provision for interest thereon of ₹82.57 lacs related to earlier year during the year.

**NOTE - 27 CONTINGENT LIABILITIES**

(₹ in lacs)

Particulars	Year Ended	Year Ended
	31.03.2016	31.03.2015
a) Bank Guarantees Outstanding.	77.24	54.24
b) Corporate Guarantee on behalf of Subsidiary to Banks.	750.00	750.00
c) Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances).	834.55	984.70
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	13.33
g) Unpaid Dividend on 9% Optionally Convertible Redeemable Preference Shares (OCCRPS).	1,124.94	1,344.96
h) Custom Duty on Capital Goods and Raw Materials imported under Advance License / EPCG Scheme, against which export obligation is to be fulfilled.	72.72	46.00
i) Service Tax demand raised by the Service Tax Department.	128.08	128.08
j) 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 interest and penalties as may arise.

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

(₹ in lacs)

Particulars	Current Year 31.03.2016		Previous Year 31.03.2015	
	Closing Balance	Maximum due	Closing Balance	Maximum due
a) Hakoba Lifestyle Limited	0.17	1,942.30	1,940.72	1,940.72
b) Mas Embroideries Private Limited	77.90	114.06	77.82	79.67
c) S.R Investments Limited	-	163.52	163.52	545.51
d) Pioneer Realty Limited	2.07	51.89	51.88	51.88
e) Super Industries DMCC (JV) (net of provision)	-	4,634.27	3,104.50 (Loan) 1,529.77 (Service Charges)	4,634.27

**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 in FY 2013-14.

b) The Company has fully paid off dues of State Bank of India in terms of OTS arrived at with the bank. Accordingly, the Company has reversed the interest liability of ₹1,742.97 lacs and the principal amount of working capital loan of ₹1,585.38 lacs. The OCCRPS of ₹632.50 lacs held by the Bank were surrendered by them in terms of OTS and same were cancelled and credited to Capital Reserve. As per the legal expert opinion in the past, the Company has treated the interest and principal reversal as monetary item and credited the same to Statement of Profit and Loss.





- c) Loans of HDFC Bank Ltd and EXIM Bank were assigned by these banks to Kotak Mahindra Bank Ltd. (KMBL) and Edelweiss ARC (EARC) respectively during FY 2014-15. 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.
- d) In terms of a OTS with Corporation Bank, another CDR lender, the Company has to pay a sum of ₹625.51 lacs, in full and final settlement of the Bank's dues on or before December 31, 2016. The Company has already paid a sum of ₹225.51 lacs out of the said amount during the year. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.
- e) The Company also continues to explore settlement/restructuring options with other lender, Small Industrial and Development Bank of India.

**NOTE 32** During the year, the Company has paid a sum of ₹5.77 lacs (₹4.32 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** Tax liability is not considered in view of carried forward losses.

**NOTE 38** Disclosures pursuant to Accounting Standard-15 "Employee Benefits":

- a) The Company has recognized ₹55.24 lacs (₹108.00 lacs) in the statement of Profit and Loss for the year ended 31st March, 2016 under Defined Contribution Plan.
- b) Details of Defined Benefit Plan:

Particulars	(₹ in lacs)			
	31st March, 2016		31st March, 2015	
	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*	208.84	68.41	154.63	29.22
b) Interest Cost	16.13	5.26	13.63	2.43
c) Current Service Cost	45.45	45.25	41.19	41.89
d) Benefits Paid	(9.31)	(3.66)	(9.65)	(4.95)
e) Actuarial (Gain)/Loss on Obligation	(6.32)	(50.53)	9.04	(0.18)
f) Present Value of Obligation as at the end of the year	254.79	64.73	208.84	68.41
<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	9.31	3.66	9.65	4.95
e) Benefit Paid	(9.31)	(3.66)	(9.65)	(4.95)
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	254.79	64.73	208.84	68.41
b) Fair Value of Plan Assets at end of the year	-	-	-	-
c) Funded Status	(254.79)	(64.73)	(208.84)	(68.41)
d) Unrecognized Actuarial Gain/(Loss)	-	-	-	-
e) Net Asset/(Liability) recognized in the Balance Sheet	254.79	64.73	208.84	68.41
<b>IV Expense recognized in the Statement of P &amp; L</b>				
a) Current Service Cost	45.45	45.25	41.19	41.89
b) Interest Cost	16.13	5.26	13.63	2.43
c) Expected Return on Plan Assets	-	-	-	-
d) Net Actuarial (Gain)/Loss recognized for the year	6.32	(50.53)	9.04	(0.18)
e) Expense recognized in the Statement of P & L	55.26	(0.02)	63.86	44.14

# PIONEER EMBROIDERIES LIMITED

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Particulars	31st March, 2016		31st March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>V Actuarial Assumptions</b>				
a) Discount Rate (%)	8.00	8.00	7.90	7.90
b) Rate of Increase in Compensation (%)	7.50	7.50	7.50	7.50

## NOTE 39 Earning per Equity Share :

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Net Profit for the year attributable to Equity Shareholders (₹ in lacs)	1,646.15	211.65
Weighted Average Number of Equity Shares of ₹10/- each (fully paid-up)	18,430,651	17,699,094
Earning per Share- Basic (₹)	8.93	1.20
Diluted (₹)		

## NOTE 40 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 LLP (formerly Known as 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. Kiran Texpro Pvt. Ltd.

### b) Transactions during the year

Particulars	(₹ in lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
i) Sales		
Relative of Key Management Personnel & their enterprises	715.11	789.46
Associate Concerns	456.29	-
ii) Purchases		
Relative of Key Management Personnel & their enterprises	62.34	137.14
Associate Concerns	1.28	-
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)	80.99	80.75
Relative of Key Management Personnel & their Enterprises	20.76	13.49
v) Guarantee Taken		
Associate Concerns	3,500.00	-
Relative of Key Management Personnel & their enterprises	2,200.00	1,300.00

# PIONEER EMBROIDERIES LIMITED

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Particulars	(₹ in lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
vi) Loan & Advances Given/(taken)/(recovered)		
Subsidiaries	(1,990.27)	625.50
Associate Concerns	(12.72)	(936.89)
vii) Balance outstanding as at the year end		
Subsidiaries	80.15 Dr	3780.91 Dr
Associate Concerns	1071.00 Dr	688.85 Dr
Joint Venture	-	4634.27 Dr
Key Management Personnel	3.47 Cr	0.13 Cr
Relative of Key Management Personnel & their enterprises	46.94 Cr	5.30 Cr

## NOTE - 41. Additional Information:

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

Particulars	31-03-2016		31-03-2015	
	%	₹ in lacs	%	₹ in lacs
<b>Raw Material/Purchases:</b>				
Imported	0.57	79.83	1.78	290.41
Indigenous	99.43	13,950.86	98.22	16,024.28
<b>Store &amp; Spares:</b>				
Imported	1.70	6.02	2.60	8.39
Indigenous	98.30	348.37	97.40	314.19
Particulars	Year Ended 31.03.2016		Year Ended 31.03.2015	
	₹ in lacs		₹ in lacs	

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

Raw Materials	79.52	248.24
Capital Goods	20.33	39.13
Stores & Spares	8.29	5.49

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

Travelling	14.03	12.11
Professional & Technical Services	18.20	15.64
Interest Paid	3.55	31.05
Bank Charges	0.09	0.47
Selling Expenses	43.68	22.01

### d) Earnings in Foreign Currency :

Export Turnover (Net)	4,252.52	3,874.09
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NOTE - 42 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 Number: 121426W)

For & on behalf of the Board

MAHESH BHAGERIA

Partner

Membership Number: 034499

NAWAL SHARMA

Chief Financial Officer

RAJ KUMAR SEKHANI

Chairman

DIN 00102843

BHARATI S GANDHI

Company Secretary

HARSH VARDHAN BASSI

Managing Director

DIN 00102941

Place: Mumbai

Date: May 12, 2016

**hakoba**<sup>®</sup>

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 31<sup>st</sup> March, 2016, 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. 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 31<sup>st</sup> March, 2016, 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 namely Mas Embroideries Pvt. Ltd., whose financial statements / financial information reflect net worth of ₹(75.56) lacs as at 31<sup>st</sup> March, 2016, 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 this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements / financial information of one foreign subsidiary namely S.R Investments Ltd., whose financial statements / financial information reflect net worth of ₹121.93 lacs as at 31<sup>st</sup> March, 2016, 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.

# PIONEER EMBROIDERIES LIMITED

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The consolidated financial statements also include the Group's share of net loss of ₹10.10 lacs for the year ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial statements, in respect of one associate namely Crystal Lace (I) Ltd., 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.

## Emphasis of Matters

We draw attention to Note No. 5.2, 12.1(d), 17.3 & 34 to the consolidated financial statements relating to non confirmation of various outstanding balances, the purpose and effect of which is not known.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

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 31<sup>st</sup> March, 2016 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 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"
- (g) 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, if any, of pending litigations on the consolidated financial position of the Group and its associate;
  - ii. the Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there is no amount that is 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's Registration Number: 121426W)

Place: Mumbai  
Date: May 12, 2016

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

## **Annexure "A" to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Pioneer Embroideries Limited.**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Pioneer Embroideries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate Companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)]. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company, its subsidiaries and its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

# PIONEER EMBROIDERIES LIMITED

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## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in Mauritius, and one associate company, which is a company incorporated in India, is solely based on the information and explanations given to us by the management. In our opinion and according to the information and explanations given to us by the management, these are not material to the Group.

Our opinion on the internal financial controls over financial reporting, 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 information and explanations given by the management.

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

**MAHESH BHAGERIA**  
Partner  
Membership Number: 034499

Place: Mumbai  
Date: May 12, 2016



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

(₹ in lacs)

Particulars	Note	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	3,521.49	4,068.99
(b) Reserves and Surplus	3	4,545.35	5,768.84
<b>2 Share Application Money</b>	4	-	297.50
<b>3 Non-Current Liabilities</b>			
Long Term Borrowings	5	4,830.62	3,755.16
<b>4 Current Liabilities</b>			
(a) Short Term Borrowings	6	2,670.83	4,983.77
(b) Trade Payables	7	2,397.33	1,931.46
(c) Other Current Liabilities	8	2,667.50	5,845.74
(d) Short Term Provisions	9	707.72	670.76
		<u>21,340.84</u>	<u>27,322.22</u>
<b>II ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		7,796.00	8,308.51
(ii) Intangible Assets		36.00	60.52
iii) Capital Work- in- Progress		335.78	494.12
(b) Goodwill (on consolidation)		1,965.79	1,067.13
(c) Non-Current Investments	11	726.03	761.24
(d) Long Term Loans and Advances	12	1,990.31	2,252.21
(e) Other Non Current Assets	13	73.25	47.38
<b>2 Minority Interest</b>		-	773.66
<b>3 Foreign Currency Translation Reserve</b>		294.31	292.40
<b>4 Current Assets</b>			
(a) Inventories	14	2,928.53	3,401.54
(b) Trade Receivables	15	2,720.93	2,218.68
(c) Cash & Cash Equivalents	16	173.47	420.14
(d) Short Term Loans & Advances	17	2,174.65	7,006.43
(e) Other Current Assets	18	125.79	218.26
		<u>21,340.84</u>	<u>27,322.22</u>

Significant Accounting Policies 1

These notes 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 Number: 121426W)

For & on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership Number: 034499

**NAWAL SHARMA**

Chief Financial Officer

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**BHARATI S GANDHI**

Company Secretary

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: May 12, 2016





**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in lacs)				
Particulars	Note	Year Ended 31.03.2016	Year Ended 31.03.2015	
I	Gross Revenue from Operations	19	25,536.65	27,154.53
	Less: Excise Duty		-	-
	Net Revenue from Operations		<u>25,536.65</u>	<u>27,154.53</u>
II	Other Income	20	<u>2,399.12</u>	<u>3,206.99</u>
III	<b>Total Revenue (I + II)</b>		<u><u>27,935.77</u></u>	<u><u>30,361.52</u></u>
IV	<b>Expenses:</b>			
	Cost of Raw Materials Consumed	21	13,383.14	15,997.73
	Purchases of Stock-in-Trade		650.93	317.26
	Changes in Inventories	22	529.02	-397.24
	Employee Benefits Expense	23	2,999.59	2,946.09
	Finance Costs	24	941.60	1,201.17
	Depreciation and Amortization Expenses	10	1,459.95	1,865.75
	Other Expenses	25	5,862.90	6,290.00
	<b>Total Expenses</b>		<u><u>25,827.13</u></u>	<u><u>28,220.76</u></u>
V	<b>Profit before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<u>2,108.64</u>	<u>2,140.76</u>
VI	Exceptional Items	26	<u>369.97</u>	<u>1,528.00</u>
VII	<b>Profit before Tax (V-VI)</b>		<u>1,738.67</u>	<u>612.76</u>
VIII	<b>Tax Expenses</b>			
	Current Tax		<u>1.08</u>	<u>0.13</u>
IX	<b>Net Profit before Minority Interest and Profit/(Loss) of Associates (VII-VIII)</b>		<u>1,737.59</u>	<u>612.63</u>
X	Minority Interest		-	(2.38)
	Share in Profit / (Loss) of Associate		<u>(10.10)</u>	<u>488.30</u>
XI	<b>Profit/(Loss) for the year (IX-X)</b>		<u><u>1,727.49</u></u>	<u><u>1,098.55</u></u>
XII	<b>Earning per Equity Share</b>			
	(1) Basic		9.37	6.21
	(2) Diluted		8.05	3.63

Significant Accounting Policies

1

These notes 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 Number: 121426W)

For & on behalf of the Board

**MAHESH BHAGERIA**

Partner

Membership Number: 034499

**NAWAL SHARMA**

Chief Financial Officer

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**BHARATI S GANDHI**

Company Secretary

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: May 12, 2016



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before extraordinary items and tax	1,738.67	612.76
<b>Adjustment for :</b>		
Depreciation and Amortisation	1,459.95	1,865.75
(Profit) on Sale of Assets (net)	(3.28)	(2.20)
Interest Income	(39.33)	(1,041.79)
Finance Costs	941.60	1,201.17
Provision for Doubtful Trade Receivable	85.66	1,452.05
Doubtful Advances written off	1,708.23	75.95
Custom Duty on Capital Goods	140.43	-
Bank Liability written back on settlement	(1,585.38)	-
Loss in Sale of Investments	21.03	-
Liabilities/Provisions no longer required written back	(1,742.98)	(1,909.15)
Net unrealised exchange gain	(277.07)	(184.43)
Operating Profit before Working Capital Changes	<u>708.86</u>	<u>1,457.35</u>
<b>Changes in Working Capital:</b>	<b>2,447.53</b>	<b>2,070.11</b>
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	473.01	(438.44)
Trade Receivables	(587.90)	455.59
Short Term Loans and Advances	110.52	1,062.27
Long Term Loans and Advances	(194.35)	(75.57)
Other Currents Assets	92.47	(83.99)
Other Non Current Assets	(25.87)	(3.37)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade Payables	465.87	6.34
Other Current Liabilities	(583.41)	(3,037.99)
Other Long Term Liabilities	-	(7.56)
Short Term Provisions	36.96	175.59
Cash generated from operation	<u>2,234.83</u>	<u>122.98</u>
Net income tax (paid) / refunds	(50.71)	(25.84)
<b>Net Cash from Operating Activities</b>	<u>2,184.12</u>	<u>97.14</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure on Fixed Assets, including capital advances	(797.74)	(497.76)
Proceeds from Sale of Fixed Assets (net of advance)	36.44	11.02
Proceeds from Sale of Long Term Investments - Associates	3.99	-
Proceeds from Sale of Long Term Investments - Others	0.09	-
Custom Duty on Capital Goods	(140.43)	-
Interest received - Associates	-	1,012.48
Interest received - Others	39.33	29.31
Change in Goodwill and Minority Interest on Investment in Subsidiary	(125.00)	-
Foreign Currency Translation Reserve	(1.91)	(1.44)
<b>Net cash from / (used) in Investing Activities</b>	<u>(985.23)</u>	<u>553.61</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Equity Share Capital (including Share Premium)	297.50	-
Share Application Money received	(297.50)	297.50
Proceeds from / (Repayment) of Long Term Borrowing (Net)	1,075.46	2,410.60
Net increase / (decrease) in Working Capital Borrowings	(1,596.76)	(2,129.20)
Proceeds from Other Short Term Borrowings	196.14	-
Finance Costs	(1,120.40)	(1,195.56)
Unpaid Dividend Account	-	(3.65)
<b>Net cash used in Financing Activities</b>	<u>(1,445.56)</u>	<u>(620.31)</u>
Net increase / (decrease) in cash and cash equivalents ( A+B+C)	(246.67)	30.44
Cash and Cash Equivalent (Opening balances) as on 31-03-2015	420.14	389.70
Cash and Cash Equivalent (Closing balances) as on 31-03-2016	173.47	420.14

As per our Report of even date attached herewith

For & on behalf of the Board

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

**MAHESH BHAGERIA**  
Partner  
Membership Number: 034499

**NAWAL SHARMA**  
Chief Financial Officer

**RAJ KUMAR SEKHANI**  
Chairman  
DIN 00102843

**BHARATI S GANDHI**  
Company Secretary

**HARSH VARDHAN BASSI**  
Managing Director  
DIN 00102941

Place: Mumbai  
Date: May 12, 2016



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

**Note -1 : SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

- a) 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, 2016. 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.
- b) 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**

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) For the purpose of consolidation of the associate, the Company's share in its profit/(loss) has been taken into consideration in the Consolidated Statement of Profit and Loss.
- f) 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 31.03.16	As at 31.03.15
<b>Subsidiaries</b>			
Hakoba Lifestyle Limited	India	100%	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 (I) Limited	India	44.58%	49.68%

**1.3 Consolidation of Foreign Subsidiary**

Foreign Subsidiary accounts viz S.R Investments Limited has been audited as on 30th June, 2015. For the purpose of the consolidation, the accounts have been prepared by the management as on 31st March, 2016, 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, 2016.

**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 31.03.2016		As at 31.03.2015	
	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	18,549,094	1,854.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	16,665,830	1,666.58	22,990,830	2,299.08
	<b>35,214,924</b>	<b>3,521.49</b>	<b>40,689,924</b>	<b>4,068.99</b>
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each	18,549,094	1,854.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each	16,665,830	1,666.58	22,990,830	2,299.08
	<b>35,214,924</b>	<b>3,521.49</b>	<b>40,689,924</b>	<b>4,068.99</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 31.03.2016		As at 31.03.2015	
	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	850,000	85.00	-	-
As at the end of the financial year	<b>18,549,094</b>	<b>1,854.91</b>	<b>17,699,094</b>	<b>1,769.91</b>
<b>Preference Shares</b>				
As at the beginning of the financial year	22,990,830	2,299.08	26,740,830	2,674.08
Add/(Less): Issued/(Surrendered) during the year (Refer Note 31(b))	(6,325,000)	(632.50)	(3,750,000)	(375.00)
As at the end of the financial year	<b>16,665,830</b>	<b>1,666.58</b>	<b>22,990,830</b>	<b>2,299.08</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. However, first installment due on September 30, 2015 could not be redeemed in absence of distributable profit.

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

Class of shares / Name of shareholder	As at 31.03.2016		As at 31.03.2015	
	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	11.03	2,045,718	11.56
<b>Promoters Group</b>				
Pioneer E-Com Fashions Ltd. (converted into Pioneer E-Com Fashions LLP)	6,481,726	34.94	6,481,726	36.62

# PIONEER EMBROIDERIES LIMITED

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

Class of shares / Name of shareholder	As at 31.03.2016		As at 31.03.2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Others</b>				
Union Bank of India	5,126,360	30.76	5,126,360	22.30
EXIM Bank	4,998,700	29.99	4,998,700	21.74
Kotak Mahindra Bank Ltd.	4,263,000	25.58	4,263,000	18.54
Corporation Bank	1,822,770	10.94	1,822,770	7.93
State Bank of India	-	-	6,325,000	27.51

## NOTE -3 RESERVE & SURPLUS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Capital Reserve</b>		
Opening Balance	14,160.93	12,255.88
Add: Consequent to Settlement of Loans (Refer Note 31(b))	632.50	1,905.05
Less: Consequent to Provision for Investments /Loan & Advances given (Refer Note 12.1(c), 17.1)	(3,795.98)	-
Balance as at the end of the year	<u>10,997.45</u>	<u>14,160.93</u>
<b>Share Premium</b>		
Opening Balance	1,353.64	1,353.64
Add: During the year	212.50	-
Balance as at the end of the year	<u>1,566.14</u>	<u>1,353.64</u>
<b>Statement of Profit and Loss</b>		
Opening Balance	(9,745.73)	(10,844.28)
Add: Profit/(Loss) for the year	1,727.49	1,098.55
Balance as at the end of the year	<u>(8,018.24)</u>	<u>(9,745.73)</u>
	<u>4,545.35</u>	<u>5,768.84</u>

## NOTE -4 SHARE APPLICATION MONEY

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
Share Application Money	-	297.50
	-	297.50

## NOTE -4.1

The Company has issued 8,50,000 equity shares during the year 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 31.03.2016	As at 31.03.2015
<b>Secured Loans</b>		
(i) Term Loans from Banks	2,084.83	2,249.72
(ii) Funded Interest Term Loans from Bank	262.35	428.79
(iii) Working Capital Term Loan from Banks	2,036.88	467.19
(iv) Foreign Currency Term Loan from Bank	191.06	343.53
(v) Vehicle Loan from Banks (Secured by hypothecation of respective vehicle, Terms of Repayment - Equated monthly installment)	23.05	0.73
(vi) Loan from Life Insurance Corporation of India (secured by assignment of Keyman Insurance Policy)	50.56	50.56
<b>Unsecured Loans</b>		
From Others		
Raj Kumar Sekhani (HUF) (Related Party)	1.89	1.89
Others	180.00	212.75
	<u>4,830.62</u>	<u>3,755.16</u>

**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, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group 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, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group of the Company.

The Working Capital Term Loan from Kotak Mahindra Bank Ltd. is secured by first pari passu charge over fixed assets and current assets of the Company both present & future with other lenders & by personal guarantee of Chairman of the Company. The loan is further secured by pledge of company's certain shares by promoter and promoter group 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 is repayable over 5 years from February 2015 to March 2020 and carries no interest.
- Term Loan of Kotak Mahindra Bank Ltd. (assignee HDFC Bank Ltd.) of ₹1702 lacs was settled for ₹1300 lacs in FY 2014-15 and 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 quarterly installments ending September 2018 and carries interest @16.65% p.a. presently.
- Working Capital Term Loan from Kotak Mahindra Bank Ltd. is repayable in monthly installments ending September 2019 and carries interest @22% p.a.
- Foreign Currency Term Loan from Landes Bank Baden Wurttemberg is repayable in half yearly instalments ending September 2018 and presently carries interest @0.50% p.a.

**NOTE -5.2**

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

# PIONEER EMBROIDERIES LIMITED

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## NOTE -6 SHORT TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Loans Repayable on Demand		
Cash Credit from Banks	2,474.69	4,983.77
	<u>2,474.69</u>	<u>4,983.77</u>
<b>Unsecured</b>		
Short Term Loans Repayable on Demand		
Inter Corporate Deposits	196.14	-
	<u>196.14</u>	<u>-</u>
	<u>2,670.83</u>	<u>4,983.77</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 Pioneer Embroideries Ltd for loans of Subsidiary Hakoba Lifestyle Limited and vice versa and personal guarantee of the Chairman of the Company.

## NOTE -7 TRADE PAYABLES

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Trade Payables</b>		
For Goods	1,524.85	1,030.51
For Services	872.48	900.95
	<u>2,397.33</u>	<u>1,931.46</u>

### NOTE -7.1

Trade Payables include outstanding from a related enterprise Kiran Industries Pvt. Ltd. of ₹0.83 lacs ( ₹22.03 lacs), Kiran Texpro Pvt. Ltd. of ₹15.43 lacs.

## NOTE -8 OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>a) Current maturities of Long Term Debt - Secured</b>		
(i) Term Loans from Banks	688.59	868.66
(ii) Funded Interest Term Loans from Banks	195.40	332.04
(iii) Working Capital Term Loans from Banks	578.28	1,945.53
(iv) Foreign Currency Term Loan from Bank	222.91	114.51
(v) Vehicle Loan from Banks	5.74	0.99
<b>b) Interest provided</b>		
(i) Term Loans from Banks	262.34	547.56
(ii) Funded Interest Term Loans from Banks	13.91	170.48
(iii) Working Capital Term Loans from Banks	19.53	619.23
(iv) Foreign Currency Term Loan from Bank	2.24	1.68
(v) Loan from Life Insurance Corporation of India	23.15	14.85
c) Provision for Interest on Secured & Unsecured Bank loans	28.28	5.11
d) Advance from Customers	422.40	742.32
e) Liability for Capital Expenditure	77.68	152.30
f) Statutory Dues	89.08	104.44
g) Remuneration payable to Directors	3.47	2.18
h) To Others	34.50	223.86
	<u>2,667.50</u>	<u>5,845.74</u>

# PIONEER EMBROIDERIES LIMITED

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## NOTE - 8.1

The long term debts were restructured under CDR Scheme and were repayable over a 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 in FY 2013-14.

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 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, by the personal guarantee of the Chairman of the Company, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group of the Company.

## NOTE - 8.2

Advance from customers includes advance from related enterprise of ₹44.93 lacs (₹35.16 lacs) received from Kiran Industries Pvt. Ltd., and advance of ₹20.76 lacs (₹21.23 lacs) from M/s J J SONS.

## NOTE -9 SHORT TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Provision For Employee Benefits</b>		
Salary/Wages Payable	438.88	444.78
Contribution to Funds	14.05	16.27
Provision for Gratuity	254.79	209.71
	<u>707.72</u>	<u>670.76</u>

## NOTE -10 FIXED ASSETS

(₹ in lacs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2015	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2016	As at 01.04.2015	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	<b>Tangible Assets:</b>										
1	Land - Owned	468.46	-	-	468.46	-	-	-	-	468.46	468.46
	- Leasehold	29.82	-	-	29.82	4.71	0.30	-	5.01	24.81	25.11
2	Buildings	3,618.47	230.81	-	3,849.28	1,052.87	125.88	-	1,178.75	2,670.53	2,565.60
	- Lift	38.31	-	-	38.31	14.13	5.45	-	19.58	18.73	24.18
3	Plant & Machineries	14,033.33	598.60	823.02	13,808.91	9,417.78	1,093.20	792.52	9,718.46	4,090.45	4,615.55
4	Furniture & Fixtures	582.06	8.08	-	590.14	487.83	45.59	-	533.42	56.72	94.23
5	Vehicles	233.21	42.73	23.07	252.87	201.21	11.64	21.80	191.05	61.82	32.00
6	Office Equipments	145.86	3.97	2.23	147.60	129.78	5.40	2.23	132.95	14.65	16.08
7	Computers	285.24	24.60	39.95	269.89	274.10	6.69	39.42	241.37	28.52	11.14
8	Electrical Installations	872.10	45.29	1.41	915.98	419.98	135.32	0.55	554.75	361.23	452.12
9	Borewell	10.83	-	-	10.83	6.79	3.96	-	10.75	0.08	4.04
	<b>Sub Total</b>	<b>20,317.69</b>	<b>954.08</b>	<b>889.68</b>	<b>20,382.09</b>	<b>12,009.18</b>	<b>1,433.43</b>	<b>856.52</b>	<b>12,586.09</b>	<b>7,796.00</b>	<b>8,308.51</b>
	<b>Intangible Assets:</b>										
10	Computer Softwares	94.35	2.00	1.68	94.67	50.93	9.47	1.68	58.72	35.95	43.42
11	Hakoba Brand	170.55	-	-	170.55	153.45	17.05	-	170.50	0.05	17.10
	<b>Sub Total</b>	<b>264.90</b>	<b>2.00</b>	<b>1.68</b>	<b>265.22</b>	<b>204.38</b>	<b>26.52</b>	<b>1.68</b>	<b>229.22</b>	<b>36.00</b>	<b>60.52</b>
	<b>Total</b>	<b>20,582.59</b>	<b>956.08</b>	<b>891.36</b>	<b>20,647.31</b>	<b>12,213.56</b>	<b>1,459.95</b>	<b>858.20</b>	<b>12,815.31</b>	<b>7,832.00</b>	<b>8,369.03</b>
	Previous Year	20,246.49	349.50	13.40	20,582.59	10,352.39	1,865.75	4.58	12,213.56	8,369.03	
	<b>Capital Work-in-progress</b>									<b>335.78</b>	<b>494.12</b>
										<b>8,167.78</b>	<b>8,863.15</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.
- Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.
- Capital Work in progress includes a sum of ₹335.78 lacs spent for ongoing expansion at Kala-amb unit.



**NOTE -11 NON-CURRENT INVESTMENTS**

Particulars	As at 31.03.2016		As at 31.03.2015	
	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 (I) Limited (Associate Concern) (Refer Note 38) (Equity shares of Face Value of ₹10/- each)	4,400,000	726.02	4,903,940	761.14
<b>b) In Government Securities</b>				
National Saving Certificates	-	-	-	0.09
	<u>4,469,979</u>	<u>726.03</u>	<u>4,973,919</u>	<u>761.24</u>

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

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
a) Capital Advances (unsecured, considered good)	515.18	209.02
b) Security Deposits (unsecured, considered good)	159.77	158.58
c) Income Tax Refund Receivable (net)	178.36	128.73
d) Other Loans and Advances (unsecured, considered good)		
Advances to Arcot Textile Mills Ltd.	962.00	975.00
Other (net of provision of ₹505.88 lacs for doubtful advances)	175.00	780.88
	<u>1,990.31</u>	<u>2,252.21</u>

**NOTE - 12.1**

- Capital advance of ₹515.18 lacs has been given to building contractors and to suppliers of plant & machineries at Dope Dyed Yarn unit at Kala-amb.
- 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 pursuant to MOU dated 20<sup>th</sup> 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 5<sup>th</sup> October, 2012. Accordingly, ₹143.00 lacs has been returned by ATML.
- The Company has made provision for doubtful advances of ₹505.88 lacs during the year in view of non recovery of the same since long.
- Others includes advances of ₹80.00 lacs (₹80.00 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.

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## NOTE -13 OTHER NON CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Fixed Deposit</b>		
Fixed Deposit in Banks with more than 12 months maturity	72.00	46.13
NSC	1.25	1.25
	<u>73.25</u>	<u>47.38</u>

## NOTE -14 INVENTORIES

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>(As certified by Management)</b>		
a) Raw Materials	799.77	727.16
b) Work-in-progress	570.46	466.19
c) Finished Goods	1,492.19	2,125.48
d) Store & Spares	38.79	52.34
e) Packing Material	27.32	30.37
	<u>2,928.53</u>	<u>3,401.54</u>

## NOTE -15 TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Unsecured</b>		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	499.49	583.71
Considered Doubtful	1,124.70	1,039.03
Less: Provision for Doubtful Trade Receivables	<u>(1,124.70)</u>	<u>(1,039.03)</u>
	499.49	583.71
Others		
Considered Good	2,221.44	1,634.97
	<u>2,720.93</u>	<u>2,218.68</u>

## NOTE -15.1

Trade receivables include outstanding from related enterprise Thakurdas & Co. Pvt. Ltd. of ₹36.30 lacs (₹67.78 lacs).

## NOTE -16 CASH & CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
a) <b>Balances with Banks</b>		
In Current Accounts	96.77	284.44
b) <b>Cash in hand</b>	76.70	135.70
	<u>173.47</u>	<u>420.14</u>

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## NOTE -17 SHORT TERM LOANS & ADVANCES

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Short Term Loan &amp; Advances (unsecured, considered good)</b>		
JV		
Super Industries DMCC (JV) (considered doubtful)(Net of Provision)	-	4,634.27
Related Party		
Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.)	1,032.75	1,045.47
Others		
Advances recoverable in cash or in kind (net of provision of ₹87.00 lacs)	479.50	581.84
Loan & Advance to Staff	47.14	39.77
Prepaid Expenses	19.42	31.88
Other Advances and Balances	28.59	76.95
Claims Receivable	567.25	596.25
	<u>2,174.65</u>	<u>7,006.43</u>

### NOTE - 17.1

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 has failed completely, the Company has decided to consider the investment made as doubtful of recovery and accordingly, it has made provision for the entire amount of USD 4.96 mn. (₹3,290.11 lacs) during the year. The unpaid, accrued service charge of ₹1,621.23 lacs (USD 2.44 mn.) levied on the investment/advance amount upto FY 2012-13 has also been considered as non recoverable bad debt. The Company has treated the interest reversal as monetary item and debited the same to Statement of Profit & Loss and principal amount as non-monetary item and debited the same to Capital reserve.

### NOTE - 17.2

Interest free unsecured loans and advances of ₹1,032.75 lacs (₹1,045.47 lacs) to Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.), an associate concern is considered good for recovery as per the management of the Company. Pioneer E-com Fashions LLP has pledged 37.98 lacs equity shares of Pioneer Embroideries Ltd. to the lenders of the Company.

### NOTE -17.3

Advance to suppliers include a party of Subsidiary Hakoba Lifestyle Ltd., which is outstanding for more than 6 years. However management considers it recoverable.

### NOTE -17.4

Claim Receivable of ₹567.25 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 -18 OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
(Unsecured, considered good)		
<b>Other Loans and Advances</b>		
Accrued Export and Other Incentives	124.65	205.66
Insurance Claim Receivables	0.35	0.60
Interest Receivables (TUF)	0.79	12.00
	<u>125.79</u>	<u>218.26</u>

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## NOTE -19 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Sale of Products - Yarn, Embroidery Fabric &amp; Laces</b>		
Domestic Sales	20,858.32	22,652.74
Export Sales	4,252.52	3,874.09
Other Operating Revenue (including Export Incentives)	425.81	627.70
Gross Revenue from Operations	25,536.65	27,154.53
Less: Excise duty	-	-
	<u>25,536.65</u>	<u>27,154.53</u>

### NOTE -19.1

Sales include sales made to related enterprises M/s J J Sons ₹30.09 lacs (₹63.54 lacs), Thakurdas & Co. Pvt. Ltd. ₹34.86 lacs (₹198.40 lacs), Kiran Industries Pvt. Ltd. ₹644.56 lacs (₹445.46 lacs), Kiran Texpro Pvt. Ltd. ₹5.61 (₹8.09 lacs) lacs and associate concern Crystal Lace (I) Ltd. ₹456.29 lacs.

## NOTE -20 OTHER INCOME

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest on Loan to Associate Concern	-	1,012.48
Interest from Others	39.33	29.31
Adjustments to Carrying Amount of Loan given to JV	277.07	184.43
Profit on Fixed Assets sold (Net)	3.28	2.20
Liabilities/Provisions no longer required written back (refer note No 31(b))	1,742.98	1,909.15
Misc. Non Operating Income (Net)	290.84	37.94
Gain on Exchange Rate Difference (Net)	45.62	31.48
	<u>2,399.12</u>	<u>3,206.99</u>

## NOTE -21 COST OF MATERIAL CONSUMED

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Cost of Raw Material Consumed</b>		
Opening Stock	727.16	700.44
Purchases during the year	13,455.75	16,024.45
	<u>14,182.91</u>	<u>16,724.89</u>
Less:- Closing Stock	799.77	727.16
	<u>13,383.14</u>	<u>15,997.73</u>

### NOTE -21.1

Purchases include trade purchases from related enterprises M/s J J Sons ₹ 0.13 lacs (₹21.29 lacs), Kiran Industries Pvt. Ltd. ₹34.28 lacs (₹115.85 lacs), Kiran Texpro Pvt. Ltd. ₹27.93 lacs, associate concern Crystal Lace (I) Ltd. ₹1.28 lacs (₹Nil).

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## NOTE -22 CHANGE IN INVENTORIES

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Opening Inventories</b>		
Work-in-Progress	466.19	367.22
Finished Goods	<u>2,125.48</u>	<u>1,827.21</u>
	<u>2,591.67</u>	<u>2,194.43</u>
<b>Less: Closing Inventories</b>		
Work-in-Progress	570.46	466.19
Finished Goods	<u>1,492.19</u>	<u>2,125.48</u>
	<u>2,062.65</u>	<u>2,591.67</u>
	<u>529.02</u>	<u>(397.24)</u>

## NOTE -23 EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
a) Salaries, Wages and Incentives	2,780.50	2,731.29
b) Contribution to Funds	95.64	87.02
c) Staff Welfare Expenses	<u>123.45</u>	<u>127.78</u>
	<u>2,999.59</u>	<u>2,946.09</u>

## NOTE -24 FINANCE COSTS

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Interest expense</b>		
a) Interest on Borrowings	808.28	1,213.56
b) Interest - Others	28.41	39.30
c) Other Borrowing Costs	59.10	23.43
d) Net Gain/Loss on Foreign Currency Transactions and Translation	<u>45.81</u>	<u>(75.12)</u>
	<u>941.60</u>	<u>1,201.17</u>

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## NOTE -25 OTHER EXPENSES

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Directors Remuneration	80.99	80.75
Directors Sitting Fees	1.28	1.05
Donations	0.13	0.13
Insurance	18.24	24.68
Job Charges	239.48	260.84
Legal & Professional Fees	142.09	108.43
Miscellaneous Expenses	587.49	527.86
Packing Material Consumed	893.55	915.32
Payment to Auditors*	13.82	13.57
Power & Fuel	2,019.15	1,994.47
Rates & Taxes	38.89	41.24
Rent	77.05	108.60
Repair & Maintenance Buildings	16.90	23.53
Repair & Maintenance Plant & Machinery	98.48	81.81
Repair & Maintenance Others	78.79	65.48
Selling Expenses	1,202.18	1,217.50
Stores & Spares Consumed	354.39	322.58
Sundry Balance written off	-	502.16
	<u>5,862.90</u>	<u>6,290.00</u>

### \* Details of payment to Auditors

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
a) for Statutory & Tax Audit	13.82	13.57
b) for Taxation Matter	-	-
c) for Other Services	-	-
	<u>13.82</u>	<u>13.57</u>

## NOTE -26 EXCEPTIONAL ITEMS

(₹ in lacs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
a) Provision for Doubtful Trade Receivable	85.66	1,452.05
b) Doubtful Advances written off	1,708.23	75.95
c) Custom Duty on Capital Assets including provision for interest	140.43	-
d) Bank Liability written back on settlement (refer note No 31(b))	(1,585.38)	-
e) Loss in Sale of Investments	21.03	-
	<u>369.97</u>	<u>1,528.00</u>

### NOTE -26.1

- a) Doubtful advances written off include
- Written off of advances to subsidiary S.R Investments Ltd. of ₹173.29 lacs (₹404.49 lacs) as per general permission under FEMA,
  - Written off of Interest recoverable from M/s Super Industries DMCC of ₹1,621.23 lacs
  - Provision for doubtful other advances of ₹87.00 lacs, as management find it non recoverable.
- b) Company has made provision for doubtful trade receivable related to export receivables of ₹21.54 lacs (₹701.06 lacs) and other domestic receivables of ₹64.12 lacs during the year.
- c) Company has provided for custom duty on capital goods of ₹57.86 lacs and provision for interest thereon of ₹82.57 lacs related to earlier year during the year.



**NOTE - 27 CONTINGENT LIABILITIES**

(₹ in lacs)

Particulars	Year Ended	Year Ended
	31.03.2016	31.03.2015
a) Bank Guarantees Outstanding.	77.24	54.24
b) Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances).	834.55	984.70
c) Demand raised by Excise Department in respect of which appeal has been filed.	46.14	46.14
d) 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
e) Other Income Tax matters pending in appeal.	13.33	13.33
f) Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS).	1,124.94	1,344.96
g) Custom Duty on Capital Goods and Raw Materials imported under Advance Licence / EPCG Scheme, against which export obligation is to be fulfilled.	72.72	46.00
h) Service Tax demand raised by the Service Tax Department.	128.08	128.08
i) VAT/Sales Tax demand raised by the Sales Tax Department.	25.89	25.89
j) Sundry Cases in Labour Court and Industrial Court regarding overtime and backwages being contested by the Company.		
*Quantum is 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 JV:**

(₹ in lacs)

Particulars	Current Year 31-03-2016		Previous Year 31-03-2015	
	Closing Balance	Maximum due	Closing Balance	Maximum due
Super Industries DMCC (JV)	-	4,634.27	3,104.50 (Loan) 1,529.77 (Service Charges)	4,634.27

**NOTE 29** Some of the fixed deposits 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 30** In the opinion of the management, there is no impairment of assets as on Balance Sheet date.

- NOTE 31**
- 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 in FY 2013-14.
  - The Company has fully paid off dues of State Bank of India in terms of OTS arrived at with the bank. Accordingly, the Company has reversed the interest liability of ₹1,742.97 lacs and the principal amount of working capital loan of ₹1,585.38 lacs. The OCCRPS of ₹632.50 lacs held by the Bank were surrendered by them in terms of OTS and same were cancelled and credited to Capital Reserve. As per the legal expert opinion in the past, the Company has treated the interest and principal reversal as monetary item and credited the same to Statement of Profit and Loss.
  - Loans of HDFC Bank Ltd and EXIM Bank were assigned by these banks to Kotak Mahindra Bank Ltd. (KMBL) and Edelweiss ARC (EARC) respectively during FY 2015-16. 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.
  - In terms of a OTS with Corporation Bank, another CDR lender, the Company has to pay a sum of ₹625.51 lacs, in full and final settlement of the Bank's dues on or before December 31, 2016. The Company has already paid a sum of ₹225.51 lacs out of the said amount during the year. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.
  - The Company also continues to explore settlement/restructuring options with other lender, Small Industrial and Development Bank of India.
  - In terms of a OTS with Standard Chartered Bank, the subsidiary Hakoba Lifestyle Ltd. has to pay a sum of ₹275.00 lacs, in full and final settlement of the total dues of the bank on or before December 31, 2016 vide Settlement Deed executed on March 30, 2016. Accordingly, no interest has been provided during the year.

The Company has already paid a sum of ₹25.00 lacs out of the said amount during the year. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.

**NOTE 32** During the year, the Company has paid a sum of ₹5.77 lacs (₹4.32 lacs) as premium towards the Key man Insurance policy taken for Mr. Raj Kumar Sekhani, Chairman of the Company.

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**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** Earning per Equity Share :

Particulars	Year Ended	Year Ended
	31.03.2016	31.03.2015
Net Profit for the year attributable to Equity Shareholders (₹ in lacs)	1,727.49	1,098.55
Weighted Average Number of Equity Shares of ₹10/- each (fully paid-up)	18,430,651	17,699,094
Earning per Share- Basic (₹)	9.37	6.21
Diluted (₹)	8.05	3.63

**NOTE 38** Investment in Equity Shares of Associate:

Particulars	Year Ended	Year Ended	
		31.03.2016	31.03.2015
Crystal Lace (I) Limited		440.00	465.01
Add: Share of Accumulated Profits/(Losses)*		296.12	(192.17)
Add: Share of current year Profits/(Losses)		(10.10)	488.30
		<u>726.02</u>	<u>761.14</u>

\* Since Acquisition

**NOTE 39** 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. Kiran Texpro Pvt. Ltd.



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## b) Transactions during the year

Particulars	(₹ in lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Nature of Transaction</b>		
i) Sales		
Relative of Key Management Personnel & their enterprises	715.11	789.46
Associate Concerns	456.29	-
ii) Purchases		
Relative of Key Management Personnel & their enterprises	62.34	137.14
Associate Concerns	1.28	-
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)	80.99	80.75
Relative of Key Management Personnel & their Enterprises	20.76	13.49
v) Guarantee Taken		
Associate Concerns	3,500.00	-
Relative of Key Management Personnel & their enterprises	2,200.00	1,300.00
vi) Loan & Advances Given/(taken)/(recovered)		
Associate Concerns	41.72	(936.89)
vii) Balance outstanding as at the year end		
Associate Concerns	1,638.25 Dr	1,285.10 Dr
Joint Venture	-	4634.27 Dr
Key Management Personnel	3.47 Cr	0.13 Cr
Relative of Key Management Personnel & their enterprises	48.84 Cr	7.20 Cr

NOTE 40 The previous year's figure have been regrouped and reclassified to confirm to current year's classification.

NOTE 41 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.	134.12	10,819.34	94.74	1,646.15
<b>Subsidiaries</b>				
<b>Indian</b>				
Hakoba Lifestyle Ltd.	(5.11)	(412.02)	(4.76)	(82.70)
Mas Embroideries Ltd.	(0.94)	(75.56)	(0.03)	(0.55)
Pioneer Realty Ltd.	(0.02)	(1.86)	(0.01)	(0.22)
<b>Foreign</b>				
S.R Investments Ltd.	1.51	121.94	24.73	429.74
<b>Subtotal</b>		<b>10,451.84</b>		<b>1,992.42</b>
Inter-company Elimination & Consolidation Adjustments	(29.57)	(2,385.01)	(14.67)	(254.82)
<b>Grand total</b>		<b>8,066.83</b>		<b>1,737.60</b>
Share of Profit in Associate				(10.10)

# PIONEER EMBROIDERIES LIMITED

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## 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	4,846.31	222.52	5.00	66.33
(d)	Reserve & Surplus	(5,258.33)	(298.08)	(6.86)	(202.52)
(e)	Total Assets	1,408.04	2.64	0.33	40.20
(f)	Total Liabilities	1,408.04	2.64	0.33	40.20
(g)	Investment other than Investment in Subsidiary	-	-	-	35.35
(h)	Turnover	0.50	-	-	-
(i)	Profit/(Loss) before Taxation	(82.70)	(0.56)	(0.22)	464.77
(j)	Provision for Taxation	-	-	-	1.08
(k)	Profit/(Loss) after Taxation	(82.70)	(0.56)	(0.22)	463.69
(l)	Proposed Dividend	-	-	-	-
(m)	% of shareholding	-	-	-	-

® Balance Sheet and Profit/(Loss) items are translated at closing exchange rate of ₹66.3329.

### Part "B": Associate

(₹ in lacs)

Sr. No.	Particulars	Name of Associate
		Crystal Lace (I) Ltd.
(a)	Latest Audited Balance Sheet Date	31.03.2015
(b)	Shares of Associate held by the Company at year end	
	-No.	4,400,000
	-Amount of Investment in Associate	440.00
	-Extent of Holding %	44.58
(c)	Net worth attributable to Shareholding as per latest audited Balance Sheet	175.03
(d)	Profit/(Loss) for the year	
	-Considered in Consolidation	(10.10)
	-Not considered in Consolidation	(12.55)
(e)	Description of how there is significant influence	Due to % of Equity Share Capital
(f)	Reason why the associate is not consolidated	N.A

As per our Report of even date attached herewith

For **M B A H & CO**

Chartered Accountants

(Firm Regn Number: 121426W)

**MAHESH BHAGERIA**

Partner

Membership Number: 034499

**NAWAL SHARMA**

Chief Financial Officer

**BHARATI S GANDHI**

Company Secretary

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

Place: Mumbai

Date: May 12, 2016

**Embroidery & Bobbin Lace Unit  
Sarigam, Gujarat**



**Embroidery & Bobbin Lace Unit  
Coimbatore, Tamilnadu**



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## **PIONEER EMBROIDERIES LIMITED**

*....a stitch ahead of time*

**Registered Office :** Unit No.101B, 1st Floor, Abhishek Premises, Plot No. C5-6,  
Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058

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Website : [www.pelhakoba.com](http://www.pelhakoba.com) • [www.silkolite.com](http://www.silkolite.com) • [www.hakoba.in](http://www.hakoba.in)

E-mail : [mumbai@pelhakoba.com](mailto:mumbai@pelhakoba.com)

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