Date : 7th August, 2020
Ref. : BSE / 22 / 2020-2021.

To,
Dept. of Corporate Services,
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.
Company Code: 514300
Company ISIN: INE156C01018

To,
The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400051.
Company Code: PIONEEREMB
Company ISIN: INE156C01018

Dear Sir,

Sub. : SUBMISSION OF NOTICE AND ANNUAL REPORT OF 28TH ANNUAL GENERAL MEETING OF THE COMPANY FOR THE FINANCIAL YEAR 2019-2020.

Pursuant to Regulation 34(1) and Regulation 30(2) read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2019-2020 along with the Notice of 28th Annual General Meeting. The Annual Report for the Financial Year 2019-2020 is also available on the website of the Company i.e. www.pelhakoba.com.

The Company has provided its members the facility to cast their vote(s) on all resolutions set out in the Notice by electronic means ('e-voting'). The detailed process to join meeting through VC / OAVM and e-voting, is set out in Notice.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For PIONEER EMBROIDERIES LIMITED

Harsh Vardhan Bassi
Digitally signed by Harsh Vardhan Bassi
Date: 2020.08.07 17:10:45 +05'30'

(HARSH VARDHAN BASSI)
MANAGING DIRECTOR
DIN 00102941
Encl: As Above

PIONEER GROUP

PIONEER EMBROIDERIES LIMITED

28th ANNUAL REPORT 2019-20

Embroidery & Bobbin Lace Unit
Sarigam, Gujarat

Embroidery & Bobbin Lace Unit
Coimbatore, Tamilnadu

BOARD OF DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

RAJ KUMAR SEKHANI (DIN:00102843)	Chairman
HARSH VARDHAN BASSI (DIN:00102941)	Managing Director
GANGADHARAN KANDAM RAMA PANICKER (DIN:07735379)	Executive Director
JOGINDER KUMAR BAWEJA (DIN:01660198)	Independent Director
GOPALKRISHNAN SIVARAMAN (DIN:00457873)	Independent Director
MRS. SUJATA CHAKRAVARTY (DIN:07584280)	Independent Director

CONTENTS

BANKERS	CFO	COMPANY SECRETARY & COMPLIANCE OFFICER	STATUTORY AUDITORS
UNION BANK OF INDIA KOTAK MAHINDRA BANK LTD.	DEEPAK SIPANI	AMI THAKKAR	S. K. Naredi & 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
Dope Dyed Polyester Yarn (DDPY)	:	Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh -173 030

Offices:

Registered Office	:	Unit No, 101B, 1st Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058
Corporate Office	:	Unit No.21 to 25, 2nd Floor, Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai – 400 062
Chennai Office	:	29 & 30, 3rd Floor, Kumbhat Complex, Rattan Bazar, Chennai – 600 003
Delhi Office	:	4986, 1st & 2nd Floor, Baratooti Chowk, Sadar Bazar, Delhi – 110 006
Delhi Yarn Office (DDPY)	:	807 & 808, ITL Twin Towers, Plot No. B-09, Netaji Subhash Place, Pitampura, New Delhi – 110 034
NCR Office	:	Plot No. 583, Udyog Vihar, Phase 5, Gurgaon, Haryana - 122 016
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 Limited
ISIN for Dematerialisation	:	INE156C01018
Share Transfer Agent	:	Link Intime India Pvt. Ltd., C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083
Telephone No.	:	91-22- 49186000 / 49186270
Fax No.	:	91-22- 49186060

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of **PIONEER EMBROIDERIES LIMITED** will be held on Monday, 31st August, 2020 at 10.00 a.m. through Video conferencing(VC) or Other Audio Video Mode(OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the year ended 31st March, 2020 and the Report of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. Harsh Vardhan Bassi (DIN: 00102941) who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

3. To approve re-appointment of Mr. Raj Kumar Sekhani (DIN: 00102843), as a Chairman of the Company and in this regard, to consider and if thought fit, to pass the following resolution as Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Companies Amendment Act, 2017 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') consent of the members be and is hereby accorded to re-appoint Mr. Raj Kumar Sekhani (DIN:00102843) Chairman of the Company with effect from 29th August 2020 for a period of 5 years at remuneration not exceeding ₹7,00,000/- (Rupees Seven Lacs only) per month 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."

4. To approve payment of remuneration to Mr. Harsh Vardhan Bassi (DIN: 00102941), as a Managing Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 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') consent of the members be and is hereby accorded for payment of remuneration to Mr. Harsh Vardhan Bassi (DIN: 00102941) Managing Director of the Company with effect from 29th October, 2019 till balance period i.e. 28th October, 2021 at remuneration including perquisites not exceeding ₹5,00,000/- (Rupees Five Lacs only) per month on such terms and conditions set out in Letter of appointment."

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration 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 there under and the terms 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."

   "**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 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."

5. To approve re-appointment and payment of remuneration of the Cost Auditor for the financial year ending 31st March, 2021 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 re-appointment of M/s. Vipul Bhardwaj & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2021 at a remuneration, amounting to ₹50,000 plus GST as applicable and re-imbursement 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 : 29th June, 2020

NOTES:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.

2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.**

4. Mr. Harsh Vardhan Bassi (DIN: 00102941) Director retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. As required under the Secretarial Standard - 2 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'], the details of the Directors seeking, re-appointment inter alia, age, experience, relationship with other directors of the Company, and other directorships, membership/chairmanship of the committees of other Boards, etc. are annexed to the Notice and form part of the Explanatory Statement. The Director has furnished the relevant consents, declarations, etc. for his re-appointment.

5. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Company at mumbai@pelhakoba.com

6. **Registration of email ID and Bank Account details:**

   In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

   In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

   (i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. OR

   (ii) In the case of Shares held in Demat mode:

   The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

7. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20

will also be available on the Company's website www.pelhakoba.com; websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at www.nseindia.com and www.bseindia.com respectively. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

8. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.

9. All documents referred to in the accompanying Notice and the Explanatory Statement are available on website of the Company at www.pelhakoba.com for inspection by the Members up to the date of 28th AGM.

10. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 27th August, 2020 to Monday, 31st August, 2020 (both days inclusive).

11. 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.

12. Since, financial year ending on 31st March, 2008, the Company has not declared any Dividend and there is/are no unclaimed Dividend outstanding with the Company as on date.

13. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.

14. 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.

15. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market and Members holding shares in electronic form are requested to submit their PAN to their Depositories Participant(s). Members holding shares in physical form shall submit their PAN details to R & TA, if not already submitted.

    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.

16. The members are requested to:

    a) Intimate changes, if any, in their Registered address to the Registrar and Transfer Agents of the Company M/s. Link Intime India Pvt. Ltd at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083.
    b) Quote Ledger Folio/Client Id/DP ID numbers in all their correspondence.

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

EVENT NUMBER: 200101

(i) The voting period begins on **Friday, 28th August, 2020 (9.00 a.m. IST) to Sunday, 30th August, 2020 (5.00 p.m. IST)** During this period shareholder's of the Company, holding shares whether in physical form or in dematerialized form, as on the cut-off date Wednesday, 26th August, 2020, may cast their vote electronically. The e-voting module shall be disabled by LINKINTIME for voting after 30th August, 2020 at 5.00 p.m.

(ii) Log-in to e-Voting website of Link Intime India Private Limited (LIIPL)

1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https://instavote.linkintime.co.in.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
    a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
    b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
    c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company

5. Your Password details are given below:
If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	For Shareholders holding shares in Demat Form or 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). • Members who have not updated their PAN with depository Participant or in the Company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB /DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the Company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details (last 4 Digit) as recorded in your demat account or in the Company records for the said demat account or folio number. • Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (v).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

iii) Cast your vote electronically

a. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.

b. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

c. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

d. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

e. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

f. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

iv) General Guidelines for shareholders:

a. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

b. During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

c. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.

v) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Wednesday, 26th August, 2020.

vi) Any person who acquires shares of the Company and become Members of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, 26th August, 2020, may obtain the login id and password by sending a request at enotices@linkintime.co.in or to the Company at mumbai@pelhakoba.com.

18. Instructions for e-voting and joining the Annual General Meeting are as follows:

Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

a. Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

b. Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. Participation is restricted upto 1000 members only.

c. Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:

i. Open the internet browser and launch the URL for InstaMeet <<https://instameet.linkintime.co.in>> and register with your following details:

a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company
b. PAN: Enter your 10 digit Permanent Account Number (PAN)
c. Mobile No.
d. Email ID

ii. Click "Go to Meeting"

Note:

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.
Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.
In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175)
InstaMeet Support Desk
Link Intime India Private Limited

19. Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:

Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at mumbai@pelhakoba.com from 28th August, 2020, 9.00 a.m. to 30th August, 2020 by 5.00 p.m. (Date & Time) (preferably one day or 24 hrs. prior to the date of AGM).

The first 5 Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.

Shareholders/ Members, who would like to ask questions, may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at mumbai@pelhakoba.com. The same will be replied by the company suitably.

Note:
Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
Shareholders/ Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

20. Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

a. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”.
b. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on 'Submit'.
c. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
d. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired.
Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against'.
e. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
f. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.
Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.
In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175)
InstaMeet Support Desk
Link Intime India Private Limited

21. Mr. Sanjay R. Dholakia, Practising Company Secretary (Membership No. F 2655 and C P No. 1798) has been appointed as Scrutinizer to scrutinize the voting and e-Voting process in a fair and transparent manner.

22. The Scrutinizer shall after conclusion of voting at the Annual General Meeting 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.

23. The Results of the voting with the report of the Scrutinizer shall be placed on the website of the Company 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 National Stock Exchange of India Limited.

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

That following explanatory statement sets out the material facts referring to Item No. 3 to 5 of the Notice.

ITEM NO. 3 and 4

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. 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 skill 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 29th August, 2020 for a period of 5 years at remuneration not exceeding ₹7,00,000/- (Rupees Seven Lacs only) per month and payment of remuneration including perquisites to Mr. Harsh Vardhan Bassi, Managing Director not exceeding ₹5,00,000/- per month from 29th October, 2019 till balance period i.e. 28th October, 2021. The details of remuneration and perquisites payable to them are as under:

Nature	Rajkumar Sekhani Chairman	Harsh Vardhan Bassi Managing Director	Remarks if any
Salary per month	7,00,000	4,50,000	--
Perquisites	--	50,000	--
Leave Salary	--	--	--
Drivers' Allowance	--	--	--
HRA	--	--	--
Medical Expenses	--	--	--
PF	--	--	--
Gratuity	--	--	--

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

Save and except Mr. Raj Kumar Sekhani and Mr. Harsh Vardhan Bassi, 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. 3 and 4 of the Notice.

The Board of Directors recommends Ordinary Resolution set out at Item No. 3 and 4 of the Notice for approval by the Members.

ITEM NO. 5

The Board of Directors of the Company on the recommendation of the Audit Committee approved the re-appointment of M/s. Vipul Bhardwaj & Co., Cost Accountants, to conduct the audit of the Cost records of the Company for the financial year ending on 31st March, 2021.

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 on 31st March, 2021, 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. 5 of the Notice.

The Board of Directors recommends Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

By order of the Board of Directors
For PIONEER EMBROIDERIES LIMITED

Harsh Vardhan Bassi
Managing Director
DIN:00102941

Place: Mumbai
Date : 29th June, 2020

Annexure to Item No. 2 and 3 of the Notice:

Name	Harsh Vardhan Bassi	Raj Kumar Sekhani
Date of Birth	09/01/1974	06/06/1959
Nature of Expertise	Manufacturing, Business Development, Marketing and other Business verticals.	Manufacturing and trading of garment accessories including embroidery fabrics, laces and knitted fabrics.
Experience	22 years	41 years
Relationships between directors inter se	Not Applicable	Not Applicable
Name of listed Companies in which holds Directorship	NIL	NIL
Name of other Companies in Committees of which holds Membership/ Chairmanship	NIL	NIL
Shareholding in Pioneer Embroideries Limited	NIL	19,24,760

DIRECTORS' REPORT

To
The Members,
PIONEER EMBROIDERIES LIMITED

Your Directors present the Twenty Eighth Annual Report of your Company on the business and operations for the year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS

(₹ in lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Turnover – Domestic	**20,177.43**	21,236.24
– Export including Incentive	**3,590.77**	6,147.68
Other Income	**183.26**	203.77
Total	**23,951.46**	27,587.69
Profit before Financial Charges, Depreciation, Exceptional Items & Tax	**2,093.64**	2,161.96
Financial Charges	**613.94**	764.66
Profit before Depreciation, Exceptional Items and Tax	**1,479.70**	1,397.30
Depreciation	**871.21**	874.15
Profit before Exceptional Items & Tax	**608.49**	523.15
Tax Expenses	**--**	--
Exceptional Items - Income / (Loss) (net)	**219.43**	(110.02)
Net Profit	**827.92**	413.13
Per share data		
Basic Earnings per Share (₹)	**3.32**	1.69
Book Value per Share (₹)	**36.23**	32.97

YEAR IN RETROSPECT

Profit before Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹2,094 lakhs (₹2,162 lakhs). The Net Profit after Exceptional Items for the year is ₹828 lakhs as against a net profit of ₹413 lakhs in the previous year. The Company has generated an operational cash profit of ₹1,699 lakhs during the year under report (previous year ₹1,287 lakhs).

Turnover of the Company for the year under review stood at ₹23,768 lakhs as against ₹27,384 lakhs in the previous year, such drop occurring primarily in the Dope Dyed Polyester Yarn (DDPY) business, on account of fall in prices in its key raw material input, crude oil. The operating profit margin of the Company witnessed an improvement of about 90 basis points in the year under review, to 8.8% from 7.9% earlier.

The Company's DDPY business continued to operate competitively, despite several macro challenges, and largely protected its operating profits (at ₹2,209 lakhs as against ₹2,380 lakhs in the previous year). The lower revenues of the DDPY business, ₹19,924 lakhs as against ₹22,974 lakhs reported in the previous year, was matched by almost a similar drop in raw material costs.

With the domestic market for DDPY proving more profitable, export revenues of DDPY fell by around 43% over previous year, clocking ₹3,239 lakhs. Overall exports of the Company similarly dropped 42% to ₹3,591 lakh during the year under review, from ₹6,148 lakh in the previous year.

The Embroidery and Lace Division (ELD) recorded a turnover of ₹3,844 lakhs, as against the previous year figure of ₹4,410 lakhs. The division reported an operating profit of ₹181 lakh as against ₹136 lakhs during the previous year, recording a slight increase in profit margins.

A detailed review of the performance during the year is given under the section - Management Discussion and Analysis Report as stipulated under Regulation 34 read with part B of Schedule V of Listing Regulations entered into with the Stock Exchanges is set out in a separate section and forms part of the Directors Report.

TRANSFER TO RESERVES

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

CHANGE IN NATURE OF BUSINESS

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

INDUSTRY OVERVIEW

The Textile and Clothing (T&C) Sector in India, estimated at about USD 150 bn in FY 2019, is one of the key contributors to the country's GDP (around 4%) and to overall Index of Industrial Production (around 14%) while providing direct and indirect employment to over 100 mn people. The total exports of T&C segment, including handicraft, stood at USD 40.4 bn in the year 2018-19, and while this amounted to a meaningful share (about 12-13%) to the country's total exports, India's share in global trade remained only reasonably significant (5.8% of global textiles trade and 3.3% of global apparel trade).

The global T&C trade has been diversifying gradually over the years to both newer production as well as consuming markets. Shift in production pattern is also on account of duty-free preferential access to US and EU enjoyed by countries like Vietnam and Bangladesh, while India is still at a disadvantage when it comes to trade agreements. Nonetheless, Government has been keeping up its efforts to make Indian manufacturing and exports more competitive, drawing up various investment-linked, employment-oriented, and duty reimbursement schemes. Newer segments like Technical Textiles and Home Textiles, perceived to have higher growth rates and import substitution opportunity, are being provided with policy impetus. While the sector already allows 100% FDI on automatic basis, the Government is expected to announce the New Textile Policy 2020 which is expected to focus on making India a competitive and integrated textile manufacturing hub.

Such policy and financial support to the T&C industry domestically has become imperative in the current environment of the Covid-19 pandemic, as countries across the world have announced stimulus packages of varying proportions to revive economies severely battered by the spread of virus. The T&C segment, steered by global fashion, has been disproportionately affected, given its non-essential nature. Consumption has waned, affordability is in question, retail stores are under lockdown, global trade logistics are in disarray, inventory is being downsized, orders are getting cancelled and payment defaults are now real. The segment is also expected to be amongst the laggards where revival timeframe is concerned.

For the Indian Government and the T&C players, this is the opportunity to seize upon and become cost-effective and technologically-advanced production base with efficient supply logistics, as global sourcing is eyeing to shift away from China, and the domestic consumer, after the recent military skirmish, is willing to boycott Chinese goods. For this, near-term headwinds due to lockdown, labor issues, financial constraints and demand destruction would have to be effectively addressed. If we are not able to do so, we would fritter away traditional advantages of abundant availability of raw material and skilled labor, favorable demographics, improved affordability and consumerism, etc, and remain a marginal global T&C player.

BANK BORROWINGS

Continuing its efforts to pare down liabilities, your Company succeeded in lowering its overall borrowings by approximately ₹2,234 lakhs during the year under review, having met all its repayment commitments. The total secured borrowings as on year-end FY20 stand at about ₹3,296 lakhs, including working capital of ₹1,485 lakhs.

LISTING

The Equity Shares of the Company are listed with the 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 29th December, 2006.

DIVIDEND

Your Directors have not recommended any dividend on equity shares in respect of the financial year 2019-20, in view of conversing the funds for envisaged business requirements.

SHARE CAPITAL

The paid up equity share Capital of the Company stood at ₹2,494.79 lakhs comprising 2,49,47,942 equity shares of ₹10 each as at 31st March, 2020.

SUBSIDIARY COMPANIES

The revenue of Hakoba Lifestyle Limited in current year stood at ₹68.56 lakhs (₹Nil). Profit after tax and exceptional item stood at ₹6.08 lakh as compared to net loss of ₹1.64 lakhs in previous year.

The revenue of Crystal Lace (India) Limited in current year stood at ₹53.47 lakhs (₹17.12 lakhs). The Company has incurred a net loss of ₹14.89 lakhs as compared to net loss of ₹20.64 lakh in previous year.

Pioneer Realty Limited had no activity during the year.

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.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of the Company are prepared in compliance with applicable provisions of the Companies Act, 2013, and "Ind AS" issued by the Institute of Chartered Accountants of India as well as Listing Regulations as prescribed by the Securities and Exchange Board of India (SEBI) 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. Further, a declaration affirming compliance with the code of conduct by all the Board members and senior management personnel along with certificate under Regulation 17(8) of the SEBI Listing Regulations is also given in this Annual Report.

EXTRACT OF ANNUAL RETURN

The detail 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

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Mr. Harsh Vardhan Bassi (DIN: 00102941), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Accordingly, his re-appointment forms part of the notice of the ensuing Annual General Meeting.

Further, Mr. Raj Kumar Sekhani (DIN:00102843) was appointed as a Chairman of the Company for a period of five years up to 28th August, 2020. The Nomination and Remuneration Committee and the Board at their meetings held on 29th June, 2020 have recommended the re-appointment of Mr. Raj Kumar Sekhani (DIN:00102843) as a Chairman of the Company for a period of five years with effect from 29th August 2020 at remuneration not exceeding ₹7,00,000/- (Rupees Seven Lakh only) per month and payment of remuneration including perquisites to Mr. Harsh Vardhan Bassi as per Schedule V from 29th October, 2019 to till balance period i.e. 28th October, 2021 at the forth coming Annual General Meeting of the Company.

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 Harsh Vardhan Bassi	Managing Director
2.	Mrs. Ami Thakkar	Company Secretary
3.	Mr. Deepak Sipani	Chief Financial Officer (CFO)

BOARD PERFORMANCE/ EVALUATION

The performance evaluation of the non-executive directors is done by the Board annually. This evaluation is based taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as the attendance and contribution of the member at the board/ committee meetings. The process also considers core competency, expertise, personnel characteristic and specific responsibility of the concerned director.

The performance evaluation of the Chairman and the Managing Director was carried out by the Independent Directors in a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the view of the Executive Directors and Non-Executive Directors. A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement, contribution and independence of judgment. 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) and SEBI LODR Regulations.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All new Independent Directors (IDs) inducted into the Board are given an orientation. Presentations are made by Executive Directors (EDs) and Senior Management giving an overview of the Company's operations, to familiarize the new Independent Directors (IDs) with the Company's business operations. The new IDs are given an orientation on our products, group structure and subsidiary company, Board constitution and procedures, matters reserved for the Board, and the Company's major risks and risk management strategy. The Policy on the Company's Familiarisation Programme for Independent Directors (Ids) can be accessed on Company's website.

BOARD MEETINGS

The details of number of meetings of the Board, held during the year forms part of the Corporate Governance Report and hence not repeated here for the sake of brevity.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 (“the Act”) read with Rules framed thereunder, do not apply to the Company as it has not declared dividend from the FY 2007-08.

VIGIL MECHANISM

The Company has established a Vigil Mechanism/Whistle Blower Policy that enables the Directors and Employees to report genuine concerns. The Vigil Mechanism provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases.

Details of the Vigil Mechanism/Whistle Blower policy are made available on the Company’s website (www.pelhakoba.com).

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.

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 Company has not entered into any contract/arrangement/transaction with related parties which could be considered material in nature 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 included as **Annexure - C** and forms an integral part of this Report.

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

The Company has developed a Related Party Transactions Policy which has been uploaded on the website of the Company and web-link thereto has been provided in the Corporate Governance report.

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. Hence, the requirement for furnishing details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There is no material change affecting the financial position of the Company which have occurred between the end of the financial year.

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 31st March, 2020, 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 31st March, 2020 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.

STATUTORY AUDIT

M/s. S. K. Naredi & Co. Chartered Accountants (Registration No. 003333C), statutory auditors of the Company were appointed for a period of 5 years at 25th Annual General Meeting as statutory auditors till the conclusion of 30th Annual General Meeting, as per the provisions of Section 139 of the Companies Act, 2013.

There is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors i.e. M/s. S. K. Naredi & Co, Chartered Accountants in its report and therefore, there are no further explanations to be provided for in this report and is prepared as per "Ind AS".

COST AUDIT

The Board of Directors, on the recommendation of Audit Committee, has re-appointed M/s. Vipul Bhardwaj & Co., Cost accountants, as Cost Auditor to audit the cost accounts of the Company for the year 2020-21 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. The Company has maintained cost accounts and records for the business, which is applicable as per Section 148(1) of the Companies Act, 2013 for the year ended 31st March, 2020.

SECRETARIAL AUDIT

As required under Section 204 of the Companies Act 2013, and rules made thereunder, the Company has re-appointed M/s. Sanjay Dholakia & Associates, a firm of Company Secretaries in Practice (Membership No. 2655; C.P. No. 1798) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure - D** and forms an integral part of this Report.

The qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditors in its report are self-explanatory and being complied as on date therefore, there are no further explanations to be provided for in this report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective internal control and risk mitigation system, commensurate with its size, scale and complexity of its operations. The scope and authority of the Internal Audit function is also defined. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the systems.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, corrective actions are undertaken in the respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting, and the reviews performed by management and the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively as at March 31, 2020.

During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

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.

IMPACT OF COVID 19

The COVID-19 pandemic has rapidly manifested itself into a global crisis, adversely affecting economies of all nations. Like elsewhere, even in India, the initial response by the authorities was to impose nationwide lockdown, leading to closure and/or disruption of production and service activities. Our business operations across all manufacturing sites and sales offices were consequently impacted since the latter half of March, 2020. Your management also realized that ensuring health and safety of employees and their families is of utmost importance, and hence complied with the lockdown directives. Employees were instructed to work from home for all crucial matters. As the situation is continuously evolving, and the economy and business at large is coming to terms with the spread and impact of the COVID-19 pandemic, the extent to which the same will affect your Company's operational and financial position still remains uncertain.

SAFETY, HEALTH & ENVIRONMENT

The DDPY plant resumed production in the second week of April, 2020, while all our embroidery units became operational by the second week of May, 2020. The Company, in order to ensure health and safety of its employees and other staff, took adequate pre-emptive measures to enhance the hygiene and sanitization protocols across all offices and plants, in line with guidelines in force by local authorities. The health of the employees coming to work space is being continuously monitored for any signs of the health complications and adequate containment measures are in place. Workers of the Coimbatore unit are not from the local area, and thus Company arranged rations, accommodation, transportation and access to medical facilities for them, Your Company is committed to maintain its efforts in providing a safe working environment to its employees for as long as the epidemic is prevalent. At the same time, we are keeping our plants operational and thus trying to contribute towards the restoration of the economic activity and provide earnings to labor and staff.

HUMAN RESOURCE

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Employees are considered to be team members being one of the most critical resources in the business which maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Polices and Systems. 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.

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 - E.**

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-F** to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company seeks to build constructive relationship with all the stakeholders and wants to benefit from your Company's presence. The Company had formed the CSR Committee and has framed a CSR policy, which has been uploaded on the website of the Company. The provisions of CSR activities under Companies Act 2013 were not applicable to your Company. A detail pursuant to Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure -G**.

COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards issued by Institute of Company Secretaries of India on Meeting of Board of Directors and General Meetings.

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

Raj Kumar Sekhani
Chairman
DIN: 00102843

Place : Mumbai
Date : 29th June, 2020

Annexure - A

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31st March, 2020

(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	25th October,1991
3.	Name of the Company	Pioneer Embroideries Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058. Tel :(022) 42232323 Fax : (022) 42232313
6.	Whether listed Company	Yes Listed at:- a) BSE Limited b) National Stock Exchange of India Limited
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited, C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083. Tel No.: (022) 49186000, (022) 49186270 Fax No.: (022) 49186060

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	83.82%
2	Embroidered Fabric, Laces, Braided Laces	13991	16.18%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held
	Subsidiary Companies [Section 2(87)(ii)]			
1	**Hakoba Lifestyle Limited** Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U67190MH1993PLC072786	Subsidiary Company	100%
2	**Pioneer Realty Limited** Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U70101MH2007PLC169361	Subsidiary Company	100%
3	**Crystal Lace (India) Limited** Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (W), Mumbai-400 058.	U17291MH1994PLC076439	Subsidiary Company	44.58%

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	2,100,833	--	2,100,833	8.43	1,961,833	--	1,961,833	7.86	(0.57)
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.	--	--	--	--	--	--	--	--	--
d) Bodies Corporates	4,501,726	--	4,501,726	18.04	4,501,726	--	4,501,726	18.04	--
e) Bank/FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
SUB TOTAL:(A) (1)	**6,602,559**	**--**	**6,602,559**	**26.47**	**6,463,559**	**--**	**6,463,559**	**25.90**	**(0.57)**
2) Foreign									
a) NRI Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	--	--	--	--	--	--	--	--
d) Banks/FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
SUB TOTAL (A) (2)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**6,602,559**	**--**	**6,602,559**	**26.47**	**6,463,559**	**--**	**6,463,559**	**25.90**	**(0.57)**
B. PUBLIC SHAREHOLDING									
1) Institutions									
a) Mutual Funds	300	600	900	--	300	600	900	--	--
b) Banks/FI	3,284,248	--	3,284,248	13.16	3,284,948	--	3,284,948	13.17	0.01
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Fund	--	--	--	--	--	--	--	--	--
f) Insurance Companies	999,594	--	999,594	4.01	999,594	--	999,594	4.01	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
SUB TOTAL (B)(1):	**4,284,142**	**600**	**4,284,742**	**17.17**	**4,284,842**	**600**	**4,285,442**	**17.18**	**0.01**

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	
2) Non Institutions									
a) Bodies Corporates									
i) Indian	568,130	7,572	575,702	2.31	872,670	7,572	880,242	3.53	1.22
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakhs	4,670,725	261,912	4,932,637	19.77	4,675,464	258,448	4,933,912	19.78	0.01
ii) Individuals shareholders holding nominal share capital in excess of ₹2 lakhs	5,645,914	180	5,646,094	22.63	6,131,788	--	6,131,788	24.58	1.95
c) NBFCs registered	122	--	122	--	--	--	--	--	--
d) Others (specify)									
i) Non-Resident Indian	364,462	83,015	447,477	1.79	335,103	82,985	418,088	1.68	(0.11)
Clearing Members	652,999	--	652,999	2.62	23,082	--	23,082	0.09	(2.53)
ii) Hindu Undivided Family	955,610	--	955,610	3.83	961,829	--	961,829	3.85	0.02
iii) Trust	850,000	--	850,000	3.41	850,000	--	850,000	3.41	--
SUB TOTAL (B)(2):	**13,707,962**	**352,679**	**14,060,641**	**56.36**	**13,849,936**	**349,005**	**14,198,941**	**56.92**	**0.57**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**17,992,104**	**353,279**	**18,345,383**	**73.53**	**18,134,778**	**349,605**	**18,484,383**	**74.10**	**0.57**
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**24,594,663**	**353,279**	**24,947,942**	**100.00**	**24,598,337**	**349,605**	**24,947,942**	**100.00**	**--**

ii. Shareholding of Promoters:

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	
Raj Kumar Sekhani	2,063,760	8.27	60.38	19,24,760	7.71	47.08	(0.57)
Bimla Devi Sekhani	23,073	0.09	--	23,073	0.09	--	--
Manak Chand Baid							
Jt. Raj Kumar Sekhani	14,000	0.06	--	14,000	0.06	--	--
Pioneer E-Com Fashions LLP	4,501,726	18.04	97.61	4,501,726	18.04	97.61	--
Total	**6,602,559**	**26.47**	**85.42**	**6,463,559**	**25.90**	**82.00**	**(0.57)**

Note: The decrease in % of promoters shareholding is due to invocation of 3,40,000 equity shares by institution and purchase of 2,01,000 equity shares during the year.

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	Date	Increase/ (Decrease) in share holding	Reason	No. of Shares	% of total shares of the Company
At the beginning of the year	20,63,760	8.27				20,63,760	8.27
Raj Kumar Sekhani	--	--	Various Dates	2,01,000	Bought during the year	22,64,760	9.08
	--	--		3,40,000	Invoked during the year	19,24,760	7.71
At the end of the year	19,24,760	7.71				19,24,760	7.71

Note: The decrease in % of promoters shareholding is due to invocation of 3,40,000 equity shares by institution and purchase of 2,01,000 equity shares during the year.

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**ANAND SEKHANI**				
	At the beginning of the year	1,500,500	6.01	1,500,500	6.01
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	1,500,500	6.01	1,500,500	6.01
2	**AMIT SEKHANI**				
	At the beginning of the year	1,500,000	6.01	1,500,000	6.01
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	1,500,000	6.01	1,500,000	6.01
3	**UNION BANK OF INDIA**				
	At the beginning of the year	1,291,183	5.17	1,291,183	5.17
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	1,291,183	5.17	1,291,183	5.17
4	**EXPORT-IMPORT BANK OF INDIA**				
	At the beginning of the year	1,259,028	5.05	1,259,028	5.05
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	1,259,028	5.05	1,259,028	5.05
5	**SUNITA BHAGCHANDKA**				
	At the beginning of the year	436,069	1.74	436,069	1.74
	Bought during the year	480,541	1.93	916,610	3.67
	Sold during the year	--	--	--	--
	At the end of the year	916,610	3.67	916,610	3.67

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
6	**EDELWEISS ASSET RECONSTRUCTION COMPANY LTD**				
	At the beginning of the year	850,000	3.41	850,000	3.41
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	850,000	3.41	850,000	3.41
7	**KOTAK MAHINDRA BANK LTD**				
	At the beginning of the year	734,037	2.94	734,037	2.94
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	734,037	2.94	734,037	2.94
8	**GENERAL INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	500,000	2.00	500,000	2.00
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	500,000	2.00	500,000	2.00
9	**UNITED INDIA INSURANCE COMPANY LIMITED**				
	At the beginning of the year	499,594	2.00	499,594	2.00
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	499,594	2.00	499,594	2.00
10	**NIKHIL SEKHANI**				
	At the beginning of the year	440,000	1.76	440,000	1.76
	Bought during the year	--	--	--	--
	Sold during the year	--	--	--	--
	At the end of the year	440,000	1.76	440,000	1.76

v. Shareholding of Directors and Key Managerial Personnel :

Sr. No.	For Each of the Directors & Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Raj Kumar Sekhani				
	At the beginning of the year	20,63,760	8.27	20,63,760	8.27
	Various Date wise increase in Directors Shareholding during the year.	2,01,000	0.81	22,64,760	9.08
	Decrease in Directors Shareholding during the year.	(3,40,000)	1.36	19,24,760	7.71
	At the end of the year	19,24,760	7.71	19,24,760	7.71

Note: The decrease in % of promoters shareholding is due to invocation of 3,40,000 equity shares by institution and purchase of 2,01,000 equity shares during the year.

V. INDEBTEDNESS

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
I. Indebtness at the beginning of the financial year				
i) Principal Amount	5,264.83	338.35	--	5,603.18
ii) Interest due but not paid	8.22	--	--	8.22
iii) Interest accrued but not due	11.66	--	--	11.66
Total (i+ii+iii)	**5,284.71**	**338.35**	**--**	**5,623.06**
Change in Indebtedness during the financial year				
Addition	267.34	0.00	--	267.34
Reduction	(2,248.98)	(244.24)	--	(2,493.22)
Net Change	**(1,981.64)**	**(244.24)**	**--**	**(2,225.88)**
Indebtedness at the end of the financial year				
i) Principal Amount	3,274.64	94.11	--	3,368.75
ii) Interest due but not paid	21.53	--	--	21.53
iii) Interest accrued but not due	6.90	--	--	6.90
Total (i+ii+iii)	**3,303.07**	**94.11**	**--**	**3,397.18**

VI. RE MUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Chairman	Managing Director	Executive Director	
		Mr. Raj Kumar Sekhani	Mr. Harsh Vardhan Bassi	Mr. Gangadharan Kandam Rama Panicker	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	60.00	36.00	20.65	116.65
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.40	5.17	--	5.57
	(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	--	--	--	--
	Total (A)	60.40	**41.17**	**20.65**	**122.22**

B. Remuneration to other Directors:

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of the Directors			Total Amount
1	**Independent Directors**	**Mr. Joginder Kumar Baweja**	**Mr. Gopalkrishnan Sivaraman**	**Mrs. Sujata Chakravarty**	
	(a) Fee for attending board committee meetings	0.80	0.80	0.10	1.70
	(b) Commission	--	--	--	--
	(c) Others, please specify	--	--	--	--
	Total (1)	0.80	0.80	0.10	1.70
2	**Other Non Executive Directors**	--	--	--	--
	(a) Fee for attending board committee meetings	--	--	--	--
	(b) Commission	--	--	--	--
	(c) Others, please specify.	--	--	--	--
	Total (2)	--	--	--	--
	Total Managerial Remuneration				
	Total (B)=(1+2)	**0.80**	**0.80**	**0.10**	**1.70**

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary (Mrs. Ami Thakkar)	CFO (Mr. Deepak Sipani)	
1	**Gross Salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	6.00	18.69	24.69
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--
	(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	--	--	--
	Total (C)	6.00	18.69	24.69

VII. PENALTIES/PUNISHMENT/COMPPOUNDING 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)
A.	**COMPANY**					
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty			N I L		
	Punishment					
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty					
	Punishment					
	Compounding					

NOMINATION AND REMUNERATION POLICY

Annexure - B

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.

FORM NO. AOC -2

Annexure - C

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.
   Not Applicable as all transactions are on Arm's Length basis

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**I) Sales** a) J.J. Sons b) Kiran Industries Pvt. Ltd d) J.J. Enterprises **II) Purchases** a) Kiran Industries Pvt. Ltd b) Kiran Texpro Pvt. Ltd. c) J.J. Sons d) J.J. Enterprises e) Crystal Lace (India) Ltd **III) Rent** a) Kiran Industries Pvt. Ltd
b)	Nature of contracts/arrangements/transaction	Invoice
c)	Duration of the contracts/ arrangements/ transaction	As and when required
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	As per normal business norms
e)	Date of approval by the Board	4th February, 2019
f)	Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors

Raj Kumar Sekhani
Chairman
DIN: 00102843

Place : Mumbai
Date : 29th June, 2020

Annexure - D

Form No. MR-3
SECRETARIEAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST March, 2020
[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

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

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March,2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March,2020 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; (Not applicable to the Company during the Audit Period);

(d) The Securities 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; (Not applicable to the Company during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);

However, we have the following observations:

1. **The Company has not submitted the Related Party Transaction details for half year ended 30th September, 2019**

2. **According to BSE Circular No. LIST/COMP/40/2018-19 dated 08th February, 2019, all the Listed Company has to submit the Annual Report for the F Y ended 31st March, 2019 in XBRL mode submitted to MCA, thus company has not submitted the same also.**

(i) 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, bonus, 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) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations 2015.

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

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

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

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

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me 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.

Further we have to state that we have not carried out the physical inspection of any records maintained by the Company due to prevailing lock down conditions owing to COVID 2019 across the country. We have relied on the records as made available by the Company by digital mode and also on the Management Representation Letter issued by the Company.

This Report is to be read with my letter of even date which is annexed as Annexure 1 and forms an integral part of this Report:

For **SANJAY DHOLAKIA & ASSOCIATES**

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

Date: 29th June, 2020
Place: Mumbai
UDIN: F002655B000393531

Annexure 1(forming part of Secretarial Audit Report)

To
The Members,
PIONEER EMBROIDERIES LIMITED
CIN No. L17291MH1991PLC063752
Mumbai

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

For **SANJAY DHOLAKIA & ASSOCIATES**

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

Date: 29th June, 2020
Place: Mumbai
UDIN: F002655B000393531

Annexure - E

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	52:1
Mr. Harsh Vardhan Bassi	Managing Director	35:1
Mr. Gangadharan Kandam Rama Panicker	Executive Director	18:1

a) The Median remuneration of employees of the Company was ₹1.17 lakhs.

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/decrease in remuneration (₹ in lakh)**
Chairman	Mr. Raj Kumar Sekhani	--
Managing Director	Mr. Harsh Vardhan Bassi	--
Executive Director	Mr. Gangadharan Kandam Rama Panicker	3.10
CFO	Mr. Deepak Sipani	--
Company Secretary	Mrs. Ami Thakkar	--

iii. The % increase / (decrease) in the median remuneration of employees in the financial Year: (17.26)%.

iv. The number of permanent employees on the rolls of the Company: 961.

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

The Company's performance is very satisfactory during the year. Company has made profit of ₹827.92 lakhs against profit of ₹413.13 lakhs in 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 2020 aggregate to approximately 0.61% of the Gross Revenue. The Gross revenue was ₹23,951 lakhs (previous year ₹27,588 lakhs).

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 decreased by 27.12%.

b) Price Earnings Ratio of the Company: 5.18 on 31st March, 2020 and 13.96 as at 31st March, 2019.

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 National Stock Exchange India Limited on 31st March, 2020 being ₹17.20 per equity share of face value of ₹10 each has grown 1.72 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.

The median percentage decrease made in the salaries of employees other than the managerial personnel was 17.26% while the increase in the remuneration of managerial personnel was 1.47%.

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

Particulars	Designation	Remuneration for FY 2020 (₹ in lakhs)	% of Gross Revenue for FY 2020	% of Profit for FY 2020
Mr. Raj Kumar Sekhani	Chairman	60.40	0.25	7.30
Mr. Harsh Vardhan Bassi	Managing Director	41.17	0.17	4.97
Mr. Gangadharan Kandam Rama Panicker	Executive Director	20.65	0.09	2.49
Mr. Deepak Sipani	CFO	18.69	0.08	2.26
Ms. Ami Thakkar	Company Secretary	6.00	0.03	0.72

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.

For and on behalf of the Board of Directors

RAJ KUMAR SEKHANI
Chairman
DIN:00102843

Date : 29th June, 2020
Place : Mumbai

Annexure - F

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 31st March, 2020 is given here below and forms part of Directors' Report.

A) CONSERVATION OF ENERGY:

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

B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

RESEARCH AND DEVELOPMENT:

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

C) FOREIGN EXCHANGE EARNING AND OUTGO:

(₹ in lakhs)

	2019-20	2018-19
Total Foreign Exchange Used (Payment Basis)	**213.16**	354.63
Total Foreign Exchange Earned	**3,539.85**	6,044.96

Annexure - G

CORPORATE SOCIAL RESPONSIBILITY (CSR)

{Pursuant to clause (o) of sub-section 134 of the Act and Rule 9 of the Corporate Social responsibility) Rules, 2014}

1. **A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.

   Our vision is - "to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker and marginalized sections of society and raise the Country's human development index".

   Identification of projects:

   All projects are identified in consultation with the community in a participatory manner, literally sitting with them and gauging their basic needs. We take recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other stakeholders, projects are prioritized.

   Arising from this our focus areas that have emerged are Education which is in line with Schedule VII of the Companies Act, 2013.

   Your Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 which is accessible from our Company's website: http://pelhakoba.com/wp-content/uploads/2016/10/Corporate_Social_Responsibility_policy.pdf.

2. **The Composition of the CSR Committee:**

Mrs. Sujata Chakravarty	-	Chairperson
Mr. Raj Kumar Sekhani	-	Member
Mr. Harsh Vardhan Bassi	-	Member
Mr. Joginder Kumar Baweja	-	Member

3. **Average net profit of the company for last three financial years: ₹ (0.49) Crores.**
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): NIL**
5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year: NIL

   (b) Amount unspent, if any; NIL.

   (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project/ activity undertaken	Sector in which the Project is covered	Projects/ Programs (1) Local area / other (2) (Specify the State or district where the Projects or programs was undertaken)	Amount outlay (budget) Project / program-wise	Amount spent on the Project/programs Sub-heads (1) Direct expenditure on the projects or programs (2) Overheads#	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing Agency*
-	-	-	-	-	-	-	-

   # there is no overheads claimed by the Company.

   *Give details of implementing agency.

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: NOT APPLICABLE.**
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

   The Board of Directors and its CSR Committee are whole-heartedly committed to fulfilling the Company's CSR vision of aspiring to be a trusted partner while striving to contribute to a safer and better quality of life.

Harsh Vardhan Bassi
Managing Director
DIN:00102941

Sujata Chakravarthy
Chairman-CSR Committee
DIN:07584280

Place: Mumbai

Date: 29th June, 2020

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

Your Company believes that good Corporate Governance is essential for achieving long term goals and enhancing shareholder value. 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. Our pursuit towards achieving good governance is an on-going basis. 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 three are Executive Directors, and three are Independent Non-Executive Directors. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world. The Chairman of the Board is an Executive Director.

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

Category	No. of Directors
Executive Directors	3
Non- Executive Independent Directors	3
Total	**6**

Category	Name of Directors
Promoter and Executive Directors	Mr. Raj Kumar Sekhani, Chairman Mr. Harsh Vardhan Bassi, Managing Director Mr. Gangadharan Kandam Rama Panicker, Executive Director
Non-Executive and Independent Directors	Mr. Joginder Kumar Baweja Mr. Gopalkrishnan Sivaraman Mrs. Sujata Chakravarty

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

Name of the Director	Category	No. of other Directorships@	#No. of Board Committee in which Director is	
			Member	Chairman
Mr. Raj Kumar Sekhani	Chairman	3	2	--
Mr. Harsh Vardhan Bassi	Managing Director	3	3	--
Mr. Joginder Kumar Baweja	Independent Non-Executive Director	*1	4	2
Mr. Gopalkrishnan Sivaraman	Independent Non-Executive Director	--	3	1
Mrs. Sujata Chakravarty	Independent Non-Executive Director	--	1	1
Mr. Gangadharan Kandam Rama Panicker	Executive Director	--	--	--

*Independent Non-Executive Director in Eurotex Industries and Exports Limited.

@ Does not include Directorships in Private Companies.

Committee includes Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

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 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/2017/01/ FAMILIARIZATION%20PROGRAMMES%20IMPARTED%20TO%20INDEPENDENT%20DIRECTORS%202016-2017.pdf

Terms of appointment of Independent Directors is available on website of the Company at http://pelhakoba.com/wp-content/uploads/2016/04/Terms-of-appointment-of-independent-directors1.pdf.

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

The Board of the Company met Four times during the year ended 31st March, 2020 on the following dates:

27-05-2019, 14-08-2019, 07-11-2019 and 11-02-2020

The Board discussed the operating plans, performance of various units and various other information's 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 26th August, 2019
Mr. Raj Kumar Sekhani	4	4	Present
Mr. Harsh Vardhan Bassi	4	4	Present
Mr. Joginder Kumar Baweja	4	4	Present
Mr. Gopalkrishnan Sivaraman	4	4	Present
Mrs. Sujata Chakravarty	4	1	Present
Mr. Gangadharan Kandam Rama Panicker	4	3	Present

Directors seeking reappointment:

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

Mr. Raj Kumar Sekhani

Mr. Raj Kumar Sekhani, is a Commerce Graduate from Calcutta University. Being a promoter of the Company, he has been involved in the activities of manufacturing and trading in garment accessories including embroidery fabrics, laces and knitted fabrics for 41 years. He holds Directorship of Hakoba Lifestyle Limited, Pioneer Realty Limited and Crystal Lace (India) Limited. He is also Member of Stakeholders Relationship and Corporate Social Responsibility Committee of Pioneer Embroideries Limited. Mr. Raj Kumar Sekhani (DIN:00102843), was appointed as an Non Independent Director/Chairman of the Company for a period of five years up to 28th August, 2020. The Nomination and Remuneration Committee and the Board at their meetings held on 29th June, 2020 had recommended the re-appointment of Mr. Raj Kumar Sekhani (DIN: 00102843), as Chairman of the Company for further period of 5 years from 29th August, 2020 to 28th August, 2025 at the forth coming Annual General Meeting of the Company.

Mr. Harsh Vardhan Bassi

Mr. Harsh Vardhan Bassi, is a Graduate in Commerce Stream from Punjab University, and took business at a very young age. He has nearly 22 years of experience into manufacturing, business development, marketing and other business verticals, he has gained tremendous experience in International marketing of textiles, had successfully interacted with renowned labels worldwide. He is also on board of Hakoba Lifestyle Limited owner of the famous brand "Hakoba", Pioneer Realty Limited and Crystal Lace (India) Limited. In addition to being a member of Audit, Shareholders Relationship and Corporate Social Responsibility Committee of Pioneer Embroideries Ltd. Mr. Harsh Vardhan Bassi (DIN:00102941), Managing Director of the Company being liable to retire by rotation and being eligible for re-appointment is placed before the members at the forthcoming Annual General Meeting for their approval.

3. **Core skills / expertise / competencies available with the Board**

The core skills / expertise / competencies required in the Board in the context of the Company's Businesses and sectors functioning effectively as identified by the Board of Directors of the Company are tabulated below:

Core skills / expertise / competencies	Name of the Directors					
	Mr. Raj Kumar Sekhani	Mr. Harsh Vardhan Bassi	Mr. Joginder Kumar Baweja	Mr. Gopalkrishnan Sivaraman	Mrs. Sujata Chakravarty	Mr. Gangadharan Kandam Rama Panicker
Leadership	•	•	•	•	•	•
Strategic Planning	•	•	•	•	•	•
Industry Knowledge and Experience	•	•	•	•	•	•
Technology		•		•		•
Financial Control	•	•	•	•		
Human Resources	•	•	•	•	•	•
Business strategy, Sales and Marketing	•	•	•			•
Corporate Governance	•	•	•	•	•	•

The Board members hereby confirm that the independent Directors fulfill the conditions specified in SEBI (LODR) Regulations, 2015 and are independent to the management.

4. **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 evaluation of Promoter Directors and Independent Directors was done by the Board as a whole by Independent Directors and Promoters Directors every year. The evaluation of Independent Directors includes performance and fulfillment of the independence criteria as specified in LODR and their independence from the management. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

5. **Audit Committee**

The following terms of reference stipulated by the Board of Directors to the Audit Committee cover all the matters specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as well as the provisions of Section 177 of the Companies Act, 2013:

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

During the year ended 31st March, 2020 four Meetings of the Audit Committee were held on 27-05-2019, 14-08-2019, 07-11-2019 and 11-02-2020.

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 Directoron the Committee	Committee Meetings Attended
Mr. Joginder Kumar Baweja	Chairman	Non-Executive Independent Director	4	4
Mr. Harsh Vardhan Bassi	Member	Executive Director	4	4
Mr. Gopalkrishnan Sivaraman	Member	Non-Executive Independent Director	4	4

6. **Nomination and Remuneration Committee**

The powers, role and terms of Nomination and Remuneration committee covers the areas as contained in LODR and Section 178 of the Companies Act, 2013. The Committee comprises of three 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.

During the year ended 31st March, 2020, two meetings of the Committee was held on 27-05-2019 and 14-08-2019.

The Composition of Nomination and Remuneration 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 Directoron the Committee	Committee Meetings Attended
Mr. Joginder Kumar Baweja	Chairman	Non-Executive Independent Director	2	2
Mr. Gopalkrishnan Sivaraman	Director	Non-Executive Independent Director	2	2
Mrs. Sujata Chakravarthy	Director	Non-Executive Independent Director	2	1

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 employees, 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.

Terms of Reference of the Nomination & Remuneration Committee, inter alia, include the following:

- To recommend and review the remuneration packages of the Managing Director and Whole Time Directors including pension rights and compensation payment.
- To recommend and review on the sitting fees to be paid to the Non-Executive Directors and Independent Directors for attending the Board Meetings and Committee Meetings.
- To help in determining the appropriate size, diversity and composition of 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 and to recommend to the Board their appointment and/ or removal.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To assist in developing a succession plan for the Board.
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.
- 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.

Performance Evaluation of board

In compliance with the provisions of the Act and SEBI Listing Regulations, the Company has undertaken the performance evaluation process for the Board of Directors, its Committees and that of individual Directors. The performance evaluation was undertaken as per the Guidance Note on Board evaluation issued by Securities and Exchange Board of India and framework provided by Nomination and Remuneration/Compensation Committee, setting out parameters for conducting performance evaluation of the Board, its Committees and that of Individual Directors.

7. 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	--	60,39,600	--	--	--	--	--
2.	Mr. Harsh Vardhan Bassi	--	41,17,422	--	--	--	--	--
3.	Mr. Joginder Baweja	80,000	--	--	--	--	--	--
4.	Mr. Gopalkrishnan Sivaraman	80,000	--	--	--	--	--	--
5.	Mrs. Sujata Chakravarty	10,000	--	--	--	--	--	--
6.	Mr. Gangadharan Kandam Rama Panicker	--	20,64,648	--	--	--	--	--
	Total	1,70,000	12,221,670	--	--	--	--	--

8. Stakeholders' Relationship Committee

The functions of Stakeholder's Relationship Committee is to specifically look into various aspects of interest of shareholders including 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.

During the year ended 31st March, 2020, four Meetings of the Stakeholder's Relationship Committee were held on 27-05-2019, 14-08-2019, 07-11-2019 and 11-02-2020.

The composition of Stakeholders' Relationship Committee is as under:

Name of the Director	Designation	Status
Mr. Gopalkrishnan Sivaraman	Chairman	Non-Executive Independent Director
Mr. Raj Kumar Sekhani	Member	Chairman
Mr. Harsh Vardhan Bassi	Member	Managing Director
Mr. Joginder Kumar Baweja	Member	Non-Executive Independent Director

Mrs. Ami Thakkar has been designated as Compliance Officer in terms of SEBI (LODR) Regulations, 2015.

The details of the complaints and other correspondence received and attended to during the year ended on 31st March, 2020 are given hereunder:

Nature of Complaints	Received	Attended to	Pending
Non Receipt of Share Certificate(s) Transfer	0	0	0
Non Receipt of Rejected DRF	0	0	0
Non Receipt of Exchange Certificate(s)	0	0	0
Non Receipt of Bonus Certificate(s)	0	0	0
Total	0	0	0

9. **Corporate Social Responsibility Committee**

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013. Your Company has developed a CSR Policy which is available on the website of the Company.

During the year under review, there is no the Committee meeting was held.

The composition of Corporate Social Responsibility Committees as under:

Name of the Director	Designation	Status	Committee Meetings held during the tenure of Director on the Committee	Committee Meetings Attended
Mrs. Sujata Chakravarty	Chairperson	Non-Executive Independent Director	-	-
Mr. Raj Kumar Sekhani	Member	Chairman	-	-
Mr. Harsh Vardhan Bassi	Member	Managing Director	-	-
Mr. Joginder Kumar Baweja	Member	Non-Executive Independent Director	-	-

Terms of Reference

The Terms of Reference of the CSR Committee are as under:

- Formulate and recommend to the Board, a CSR Policy.
- Recommend the amount of expenditure to be incurred on CSR activities.
- Institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.
- Monitor CSR policy from time to time.

10. **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
2016-2017	29th August, 2017	9.30 A.M	The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064.	02*
2017-2018	20th August, 2018	9.30 A.M	The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064.	02**
2018-2019	26th August, 2019	10.00 A.M	The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064.	04***

*For AGM held on 29th August, 2017 the following Special Resolutions were passed:

Sr. No.	Particulars
1.	Payment of remuneration of Mr. Gangadharan Kandam Rama Panicker (DIN 07735379).
2.	Issue of 1,96,078 Equity Shares of the Company on preferential basis to Kotak Mahindra Bank Limited.

**For AGM held on 20th August, 2018 the following Special Resolutions were passed:

Sr. No.	Particulars
1.	Pioneer Embroideries Limited Employee Stock Option Plan 2018.
2.	Pioneer Embroideries Limited Employee Stock Option Plan 2018”- Holding Company and/or Subsidiary Company(ies).

***For AGM held on 26th August, 2019 the following Special Resolutions were passed:

Sr. No.	Particulars
1.	Re-appointment of Mr. Joginder Kumar Baweja (DIN: 01660198), as an Independent Director of the Company.
2.	Re-appointment of Mr. Gopalkrishnan Sivaraman (DIN: 00457873), as an Independent Director of the Company.
3.	Approval of Pioneer Embroideries Limited Employee Stock Option Plan 2018.
4.	Approval of Pioneer Embroideries Limited Employee Stock Option Plan 2018-Holding Company and\or Subsidiary(ies) Company(ies)

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

11. Means of Communication

The Unaudited Quarterly, Half Yearly and Annual Financial 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.

General Shareholder Information

i) AGM

Date and Time : Monday, 31st August, 2020 at 10.00 A.M. through Video Conferencing or Other Audio Visual means

ii) Financial Calendar 2020-21 (tentative) Financial year ends on 31st March every year

Quarter ending June 30, 2020	:	By Second Week of August, 2020
Half year ending September 30, 2020	:	By Second Week of November, 2020
Quarter ending December 31, 2020	:	By Second Week of February, 2021
Year ending March 31, 2021	:	By Last Week of May, 2021
Annual General Meeting (2020-21)	:	By end of September, 2021

iii) Date of Book Closure : Thursday, 27th August, 2020 to Monday, 31st August, 2020 (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)
Address: Exchange Plaza, C-1, Block G,Bandra Kurla Complex,
Bandra (East), Mumbai: 400051.

BSE Limited (Code: 514300)
Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai: 400001.

vi) Listing Fees : Annual Listing Fees for the Financial Year 2020-2021 has not been paid to the above Stock Exchanges as the last date for filing the same has been extended due to Covid 19 Pandemic.

vii) Demat ISIN No. : INE156C01018

viii) Stock Market Data

The month-wise movement (High & Low) of the shares of the Company at the Bombay Stock Exchange during each month for the year ended 31st March, 2020 is as under:

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Volume (In lakhs)	High Price (₹)	Low Price (₹)	Volume (In lakhs)
April, 2019	23.85	20.00	0.24	24.80	20.30	0.46
May, 2019	26.60	20.10	0.95	26.95	21.40	0.63
June, 2019	25.40	20.50	0.26	25.75	20.00	0.64
July, 2019	23.90	20.40	0.21	24.45	20.55	1.04
August, 2019	25.65	18.30	0.39	26.10	18.40	1.95
September, 2019	26.00	21.30	0.32	27.00	20.10	2.03
October, 2019	29.95	20.30	0.79	29.05	20.20	2.62
November, 2019	30.60	22.15	0.91	30.00	21.55	4.66
December, 2019	32.70	25.65	1.11	32.60	25.55	7.11
January, 2020	36.40	26.50	1.29	36.50	28.00	14.03
February, 2020	35.00	24.00	0.70	34.30	23.90	4.29
March, 2020	26.05	14.65	0.49	25.90	14.05	2.25

ix) Performance in comparison to Broad-based indices such at BSE Sensex and NSE NIFTY 50 : As against a fall of 23.80% in BSE Sensex during the year, the price of equity shares of the Company has fallen by 25.85%.

As against a fall of 26.03% in NSE NIFTY 50 during the year, the price of equity shares of the Company has fallen by 27.12%.

x) Registrar & Share Transfer Agent : Link Intime India Pvt. Limited.,
C 101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai - 400 083.
Telephone number: 022-49186000
Fax: 022-49186060
Email: rnt.helpdesk@linkintime.co.in

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, 2020

Slab of No. of Shareholding (₹)	No. of Share holders	% to No. of Shareholders	Amount (₹)	% to paid-up capital
Upto 5000	21,695	98.93	40,983,070	16.43
5001 - 10000	116	0.53	8,538,730	3.42
10001 - 20000	61	0.28	8,994,880	3.60
20001 - 30000	13	0.06	3,108,420	1.25
30001 - 40000	10	0.04	3,582,360	1.44
40001 - 50000	7	0.03	3,202,090	1.28
50001 - 100000	9	0.04	5,718,770	2.29
> 100001	19	0.09	1 75,351,100	70.29
Total	**21,930**	**100.00**	**249,479,420**	**100.00**

xiii) Categories of Shareholding Pattern as on 31st March, 2020

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Promoters	4	0.02	6,463,559	25.91
Mutual Funds & UTI	2	0.01	900	0.00
Banks/Financial Institutions/Ins/ Govt.	6	0.03	4,284,542	17.17
Foreign Institutional Investors	--	--	--	--
Corporates	173	0.80	880,242	3.53
Individuals	20,651	95.34	11,065,700	44.36
NRIs/OCBs	490	2.26	418,088	1.68
Others	334	1.54	1,834,911	7.35
Total	**21,660**	**100.00**	**24,947,942**	**100.0**

* Due to clubbing of Folios of same person holding shares in more than one Folio, there is Difference in No. of shareholders in Distributions of Shareholding as on 31st March, 2020 and Categories of Shareholding Pattern as on 31st March, 2020.

xiv) Dematerializations of Shares

The Company's shares are traded compulsorily in dematerialized form. As on 31st March, 2020 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	3,49,605	1.40
Shares held in Demat Form	2,45,98,337	98.60
TOTAL	**2,49,47,942**	**100.00**

xv) Outstanding GDRs / Warrants and Convertible Instruments

There is no Outstanding GDRs / Warrants and Convertible Instruments as at 31st March, 2020.

xvi) Commodity price risk or Foreign exchange risk and hedging activities

The Company is not involved in any hedging activates.

xvii) Plant Locations

i) Sarigam, Gujarat
ii) Naroli, Dadra & Nagar Haveli
iii) Coimbatore, Tamilnadu
iv) 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 101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai - 400 083.
Tel No.: (022) 49186000, Fax No.: (022) 49186060
Email: rnt.helpdesk@linkintime.co.in

Investors may also write or contact Mrs. Ami Thakkar, 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 – 400 062.
Tel.: (022)42232323 Fax: (022) 42232313
Email: mumbai@pelhakoba.com

xix) Total Fees for all Services paid by the Listed Entity and its Subsidiaries, on consolidated basis, to the Statutory Auditor and all entities in the Network Firm/Network Entity of which the Statutory Auditor is a part.

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to M/s. S. K. Naredi & Co, Chartered Accountants, Statutory Auditors of the Company and all the entities in the network firm/network entity of which Statutory Auditor is a part is as under:

Company Name	Relationship	Name of Auditor	(₹ In lakhs)
Pioneer Embrodieries Limited	Parent's Company	M/s. S. K. Naredi & Co, (ICAI Reg. No. 003333C), Chartered Accountants	11.50
Hakoba Lifestyle Limited	Subsidiary Company	M/s. M B A H & Co. (ICAI Reg. No. 121426W), Chartered Accountants	0.30
Pioneer Realty Limited	Subsidiary Company	M/s. M B A H & Co. (ICAI Reg. No. 121426W), Chartered Accountants	0.12
Crystal Lace (India) Limited	Subsidiary Company	M/s. Parag G. Shah & Associates (ICAI Regn. No.122403W), Chartered Accountants	0.30

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. 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. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHOBITION AND REDRESSAL) ACT, 2013

Your Company has zero tolerance towards any kind of harassment, including sexual harassment, or discrimination. Your Company has constituted an Internal Complaints Committee (ICC) to investigate and resolve sexual harassment complaints. Employees are encouraged to speak up and report any such incidences to the ICC. Your Company has also implemented a Policy on Prevention of Sexual Harassment which is reviewed by the ICC at regular intervals. Any complaint made to the ICC is treated fairly and confidentially. The details as required in respect of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided below:

a) number of complaints filed during the financial year: NIL
b) number of complaints disposed of during the financial year: NIL
c) number of complaints pending as on the end of the financial year: NIL

14. CERTIFICATE FROM PRACTISING COMPANY SECRETARY

The Company has obtained a certificate from M/s. Sanjay Dholakia & Associates, Practising Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this Report.

15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Annual Report and includes discussion on various matters specified under Schedule V of SEBI Listing Regulations.

16. STATUTORY COMPLIANCE, PENALTIES AND STRICTURES

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI, MCA or other statutory authorities relating to the above.

17. Discretionary Requirements under Regulation 27 of LODR

The status of compliance with discretionary recommendations of the Regulation 27 of the LODR 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 2019-2020 does not contain any modified audit opinion.

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

18. Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 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.

19. 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 from starting of the quarter till 48 hours after the declaration of results and during occurrence of any material events as per the code. The Company has appointed Mrs. Ami Thakkar as Compliance Officer, who is responsible to set 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.

20. 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.

21. 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 SEBI (LODR) Regulations, 2015 for the year ended 31st March, 2020.

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

22. 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 LODR with regard to subsidiary companies have been complied with. The Policy for determining material subsidiaries is available on website of the Company at: www.pelhakoba.com

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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 31st March, 2020.

For Pioneer Embroideries Limited	For Pioneer Embroideries Limited
Harsh Vardhan Bassi	**Deepak Sipani**
Managing Director	Chief Financial Officer

DIN:00102941

Place: Mumbai

Date: 29th June, 2020

MANAGING DIRECTORS/CHIEF FINANCIAL OFFICER CERTIFICATION

To
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 31st March, 2020 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 together 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 and 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
DIN: 00102941

For Pioneer Embroideries Limited

Deepak Sipani
Chief Financial Officer

Place : Mumbai
Date : 29th June, 2020

AUDITORS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of Pioneer Embroideries Limited
Unit 101B, 1st Floor, Abhishek Premises,
Plot No.C5-6 Dalia Industrial Estate,
Off. New Link Road, Andheri (West),
Mumbai- 400058.

We have examined the compliance of conditions of corporate governance by **Pioneer Embroideries Limited,** ('the Company'), for the year ended on 31st March, 2020, 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 **S K Naredi & Co.**
Chartered Accountants
(Firm's Registration Number: 003333C)

Rahul Naredi
Partner
Membership Number: 302632
UDIN: 20302632AAAABA6939

Place : Mumbai
Date : 29th June, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
PIONEER EMBROIDERIES LIMITED
CIN No. L17291MH1991PLC063752

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PIONEER EMBROIDERIES LIMITED having CIN L17291MH1991PLC063752 and having registered office at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Ind. Estate, Off. New Link Road, Andheri (W) Mumbai 400058 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Further we have to state that we have not carried out the physical inspection of any records maintained by the Company due to prevailing lock down conditions owing to COVID 2019 across the country. We have relied on the records as made available by the Company by digital mode and also on the Management Representation Letter issued by the Company.

For SANJAY DHOLAKIA & ASSOCIATES

(SANJAY DHOLAKIA)
Practising Company Secretary
Proprietor

Place: Mumbai
Date: 29th June, 2020
FCS 2655 CP 1798
UDIN: F002655B000393584

MANAGEMENT DISCUSSION AND ANALYSIS

Disclaimer:

Statements made in the Management Discussion and Analysis are relating to Company's objectives, projections, outlook, expectations, estimates, etc., which 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 it's 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 it's performance during the year under review, i.e. Accounting Year ended 31st March, 2020 (for the period April 1, 2019 up to March 31, 2020).

A: BUSINESS REVIEW

Industry structure and developments

Global Textile & Apparel Industry

The World Trade Organization has pegged the 2018 (Calendar Year) worldwide exports figure at USD 315 bn for textiles and USD 505 bn for apparels, an increase of 6.4% and 11.1% respectively over previous year, the fastest growth ever recorded since the year 2012.

While China (USD 119 bn) and European Union (EU28) (USD 74 bn) grew faster than the world average, India (USD 18 bn) grew much slower and remained a distant third in the pecking order of world's top exporters of textiles in 2018. In fact, China's share in textile exports has improved to about 37.6% of world trade, from about 30.4% in 2010, while in the same period, India's share has marginally risen from 5.1% to 5.8% during the same period. Amongst the major import destinations for textile imports were EU28 (USD 77 bn, 23%), USA (USD 30 bn, 9.1%), China and Vietnam (both at USD 18 bn, 5.3% each).

When it comes to apparels, however, India figures much lower at fifth spot, with exports of about USD 18 bn, a 3.3% share of world apparel trade. China (USD 158 bn, 31.3% share) and the European Union (USD 143 bn, 28.4%) remain the top two exporters. While EU has held on to its market share, China's share in world apparel exports has come down from 36.6% in 2010, with major beneficiaries being Bangladesh, Vietnam and even Cambodia. Bangladesh and Vietnam, with apparel exports of about USD 32 bn each, had about 6.4% market share, having risen from 4.2% and 2.9% market share respectively in 2010. Cambodia, with USD 8 bn of apparel exports, currently enjoys about 1.6% share of world apparel trade.

Decline in top countries' market share of textile imports as well as apparel exports and imports implies that gradual diversification of manufacturing and sourcing is underway in the global trade. Such shift in trade patterns is also on account of duty-free preferential access to certain countries to markets of US and EU under various Free Trade Agreements, Least Developed Country status, Generalised System of Preference, etc., and a lot of value addition getting done in such countries.

As import destinations in apparels, EU (USD 204 bn, 38.4% share) and United States (USD 92 bn, 17.4% share) continue to remain the two largest consuming markets. However, their combined market share has come down from 67.3% to 55.8%, indicating that newer markets such as Russia, South Korea, China and Australia are experiencing increased demand backed by rising purchasing power.

Domestic Textile Industry

The Textile and Clothing (T&C) Sector in India, estimated at about USD 150 bn in FY 2019, is one of the key contributors to the country's GDP (around 4%), to overall Index of Industrial Production (around 14%) and to the total exports of India (about 12-13%). The total exports of T&C segment, including handicraft, stood at USD 40.4 bn in year 2018-19, with major share coming from readymade garments (40%), cotton textiles (31%) and man-made textiles (14%). India's Textile products are exported to over 100 countries, with the US and EU accounting for nearly half of the T&C exports.

India is the second largest manufacturer and exporter of textiles in the world, after China. It is a net textile exporting country, with bulk of textile imports (about USD 7.6 bn in 2019) taking place for re-export of value-added items. The Indian textile industry accounts for about 24% of the world's spindle capacity and 8% of global rotor capacity. India accounts for about 14% of world's textile fibres and yarns – being the largest producer of cotton and jute, second largest producer of silk and yarn, and third largest producer of cellulosic fibre. and making it a key sector for all major government initiatives like Make in India, Skill Development, Women Empowerment, etc.

Technical textiles segment, now recognized as a high-tech sunrise segment, has a current market size of USD 18 bn, and is expected to grow by 15-20% CAGR in the coming years. India presently accounts for 3% of the world Technical Textile production producing roughly 90,000 MT, otherwise dominated by China and Europe, but also has large imports of about USD 16 bn. These functional fabrics are finding increased and varied applications in construction, healthcare, protective wear, infrastructure and other areas.

Home textiles is another segment witnessing higher growth rates, with India accounting for about 7-8% of global trade. Apart from a consumption-driven vibrant domestic market, exports, mainly to US and EU, are also witnessing good growth.

T&C sector in India employs over 45 million people directly and 60 million indirectly, rendering it the second largest job creator after agriculture in the country. Raw material availability, skilled and cost-effective manpower, easing out of GST-introduction related disruptions, and increased share of organized, compliant business, bodes well for the long-term growth of the T&C sector in India.

With a large population, rising per capita income, increased penetration of organized and online retail, and behavioral preferences in consumption, the T&C sector is expected to continue to grow at 10-12% CAGR over next few years, according to various industry reports, notwithstanding the headwinds in the near term.

Growth Outlook

The growth commentary outlined below is shadowed by the all-encompassing effect of the Covid 19 pandemic, and would hold base only after a certain level of normalcy in trade, sourcing, supply chain, retailing and consumer behavior is restored. The "near-term effects" of and disruptions caused by the pandemic are mentioned in the next section, with absolutely no certainty on how long such "near-term" could persist, and whether such "effects" would end up creating permanent distortions within the global and domestic textile and apparel segment.

The incumbent Government nonetheless, has long been playing its role of a facilitator for the growth in manufacturing, investments, employment, efficiency and exports of the Textile Industry, through introduction of schemes such as *Scheme for Integrated Textiles Parks (SITP), Amended Technology Up-gradation Fund Scheme (A-TUFS), Scheme for Capacity Building in Textile Sector (SCBTS), Rebate of State Levies (RoSL) Scheme, Scheme for production and Employment Linked Support for garmenting units (SPELSGU) and Special Advance Authorisation Scheme etc*. To boost employment generation in the textile sector, Government provides an additional 10% capital investment subsidy (CIS) for garmenting and made ups units which have availed 15% CIS benefit under ATUFS based on the achievement of projected production and employment after a period of three years. Under the scheme of ATUFS, within three years ending March 2019, about 1,759 applications involving investment of ₹12,836 cr have been reported by the garmenting industry under iTUFS software.

Under the Pradhan Mantri Paridhan Rozgar **Protsahan Yojana (PMPRPY) Scheme,** Government is providing, from April, 2018, full employer's contribution of 12% for a period of three years through EPFO to lower-paid workers of all sectors including T&C.

Foreign Direct Investment in Textiles is now allowed at 100% under automatic route, creating a regulatory feature to enhance ease of doing business and attracting investments.

For Technical Textiles, based on industry applications, 12 segments such as Agrotech, Geotech, etc, have been identified and multiple Focus Incubation Centers and Centres of Excellence have been established to aid increased investments and manufacturing in Technical Textiles.

In the Union Budget 2020, the Government announced setting up of a National Technical Textiles Mission, with a four-year implementation period, at an estimated outlay of ₹1,480 cr, with the objective of reversing the significant imports of Technical Textiles being done presently. Anti-dumping duty on purified terephthalic acid (PTA), a key input for synthetic textile fibers and yarns, was also abolished, making raw material availability for manufacturers possible at internationally-competitive prices. This is an important event, since global markets are driven by synthetics while India continues to focus on natural fabrics.

The Government also approved a Scheme to Rebate State and Central Embedded Taxes to Support the Textile Sector. Earlier, apparel and made-ups segments, supported under RoSL, were unable to get refund of all duties and taxes levied at the Central, State and local levels. The Cabinet decision provided for such a rebate of all embedded taxes/levies, that too digitally through IT-driven scrip system. This step, making exports zero-rated, and thereby boosting India's competitiveness in export markets, is part of the Government's broader strategy to promote exports in the textile sector. A key element of the strategy is to facilitate access to major export markets and diversify textile and apparel exports. Various Exports Promotion Councils, representing various segments of the textiles & apparel value chain, are made increasingly functional to work in close cooperation with the Ministry of Textiles to promote the growth and export of their respective sectors in global markets.

Long-term prospects of the textile industry, especially domestic segment, continue to remain encouraging, despite challenges in the current environment. Increased consumerism, rapid urbanization, spread of online and organized retail, higher per capita income, affordability, fashion awareness and favorable demographics are factors which are expected to propel the consumption of apparels and other textile products. Use of Technical Textiles for PPEs and other meditech products in the current scenario has opened up newer opportunities for this segment.

Sources: Various industry reports and data from government sources, world bodies and others

Opportunity and Threats

Never in the history of post-Independent India, has the Indian Textile industry been faced with such uncertainties and challenges in both global and domestic markets emerging from macro factors. The Covid 19 pandemic, and its consequent events such as lockdowns, has severely impacted textile players in all aspects of doing business – supply chain logistics, exports, imports, labor availability, retail sales, job losses, finances, asset prices, pruned inventories, liquidity, payment delay and defaults, and the very existence of the business itself.

The T&C industry worldwide has been one of the severely-affected segments by the Covid-19 pandemic, as demand and consumption of garments and downstream products have taken a serious knock, given their largely non-essential nature. The pandemic could trigger the largest economic contraction globally since World War II, and consumer behaviour, buying preferences, sentiment and affordability, on account of job losses, itself have become uncertain. As India accounts for about 5-6% of the global T&C exports, supplying over 60% to US and EU, the T&C segment in India would feel the cascading effect of demand distortion in these global markets.

India has itself been a witness to one of the toughest lockdowns in the world, which even after five months, is still in force in a decentralized manner. With organised retail, traditional trade channels, and even online retail remaining constrained, production schedules getting affected due of labor and raw material non-availability, domestic T&C segment is experiencing business headwinds, and several companies are facing liquidity and financial difficulties. Being largely a discretionary product, apparels could take time for reverting to mean, and there could be a recessionary phase even after the pandemic situation eases.

It is still unclear how other macro factors would play out in the coming years, once the Covid-19 crisis is over. Countries would emerge out of this crisis with different disruption timeframes, and with varying extent of the damage to their economy and penetration level of the virus amongst their population. Almost all countries have announced economic stimulus packages for revival, and the efficacy of these to offset the economic distortion caused by Covid-19 would also vary.

US-China confrontation on various issues including trade, and their desire towards world dominance, and also US-Iran hostility, could also have several ripple effects on world economy, crude oil movements, currency fluctuations, etc.

Increasingly, several countries, while not being vocal enough to criticize China for the Covid-19 spread, are looking to reorient their supply chain, entirely or partially, away from China. It is yet to be seen how India could capitalize from such an eventuality, and whether our Government and companies are prepared well enough to attract fresh investments across sectors, or whether other countries would outdo us. On its part, the incumbent Government has announced several measures opening up multiple sectors to FDI, and promising increased ease of doing business. It has also made several financial concessions to the MSME segment, and most of the garment players would now fall into the category of the newly-defined MSMEs. Government would also have to extend more direct financial support to textile players, especially MSME, through restructuring/ moratorium/ waivers, as these employ huge direct and indirect labor force and their survival is pertinent.

In T&C, already countries like Vietnam and Cambodia seem to be the initial beneficiaries of business moving out of China, as they enjoy preferred access to consuming markets, while India is even yet to complete its trade negotiations with US. The continuance of export incentives by the Government becomes crucial for textile exporters to maintain operating profits, particularly for those in the downstream segment of apparels and home textile. Indian companies also need to move up the value chain in apparels rather than focusing on low- and medium-end items, and increasingly embrace technology to conduct business. It is also crucial for the Government to negotiate its position in face of large FTAs and open up newer markets for Indian products. The New Textile Policy 2020 is in the works, which reportedly will have a renewed focus on making India a competitive and integrated textile manufacturing hub. Till date India, while a major global player in yarns, is a less significant player in fabrics, as its cost of production and technological levels is found lacking despite having a large production capacity installed.

Separately, the India-China military standoff, the subsequent steps taken by the Government in imposing restrictions on China's involvement in Indian marketplace, is another major factor which is yet to play out fully in terms of long-term implication on bilateral trade. Already, heightened nationalism has increased calls for banning Chinese goods, and the Governments drive towards Atmanirbhar Bharat has further bolstered indigenisation efforts. In T&C, categories such as readymade garments and trims & accessories (such as laces which your Company makes) could see more domestic supplies if the situation evolves on expected lines.

Risks and Concern

Your company does not stand isolated in this current scenario, and is steadily coming to terms with the challenges of doing business in the Covid-19 era.

A major risk now would be to identify countries and buyers afresh for doing business with – countries where local epidemic situation is under control, and buyers where payment risks is assessed as low. Trade logistics in the post-Covid period would continue to remain disrupted, both for export markets and locally. Buyers may downsize, and look at pruning inventories, leading to smaller orders and probably shorter deliveries. Your Company would also need to use more of technology to connect with prospective buyers, as customer acquisition process could become largely online.

Achieving profitable growth would be a major concern going ahead, and all elements of doing business such as production schedules, labor, marketing network, buyers' credit, etc would have to be well-managed. There could possibly be a scenario forcing tradeoff between keeping production capacities at sub optimal levels and taking default risk of customers. All the while, Company would need to keep its overheads well in check.

However, the only saving grace in this situation is that your Company has, by the end of the year under review, retired most of its long-term debt, by raising resources from internal accruals and asset monetization. Need-based expansion and refurbishment of both DDPY and ELD facilities has been completed, and overheads are now maintained at near-optimal levels.

Your Management is confident of addressing the current situation, and marshal all internal resources available with it to tide over the same successfully.

B: FINANCIAL OVERVIEW

The Company has achieved a turnover of ₹23,768 lakh as against ₹27,384 lakh in the previous year, reporting a degrowth of about 13%.

Overall macro environment for both the businesses – ELD and DDPY – continued to remain challenging for most part of the financial year, with domestic and export market demand being subdued on account of multiple factors. While volumes recorded were lower than previous year, falling crude oil prices also affected topline of the Dope Dyed business.

For the DDPY business, it was the domestic market which lent support to the business, as local sales of about ₹16,685 lakh were lower by mere 3% compared to the previous year. However, export revenues for DDPY took a greater toll, dropping by around 43% over previous year, clocking ₹3,239 lakhs for the year.

Overall exports of the Company similarly dropped 42% to ₹3,591 lakh during the year under review, from ₹6,148 lakh in the previous year.

Operating Expenses

Operating expenses for the year ended 31st March, 2020 stood at ₹21,830 lakh, as against the previous year figure of ₹25,390 lakh, down 14%, primarily on account of a 18% drop in raw material costs.

Interest Cost

The interest cost for the year under review fell by almost 20%, with the Company paying ₹614 lakh as against ₹765 lakh in the previous year. Over last few years, the Company has exhibited a continued downward trend in interest costs.

The key highlight of the year under review was about the Company continuing its efforts towards debt rationalization and cash optimization relentlessly. Utilizing its generated cash judiciously, your Company managed to lower its total borrowings, secured and unsecured, by a net amount of ₹2,234 lakh over previous year. The total borrowings as on year-end FY20 now stands at only about ₹3,390 lakh, which includes working capital of ₹1,485 lakh.

Notably, non-working capital debt, at about ₹1,900 lakh, is now less than one-third of its figure four years ago.

Profits

Profit before Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹2,094 lakhs (₹2,162 lakhs), a minor drop of about 3%. This was because the drop in turnover was accompanied by almost similar fall in raw material and other input costs, and the Company was largely able to maintain its profitability level.

In fact, the operating profit margin witnessed an improvement of about 90 basis points in the year under review, to 8.8% from 7.9% earlier.

The Net Profit after Exceptional Items for the period almost doubled to ₹828 lakhs as against ₹413 lakhs in the previous corresponding period, as the Company also generated higher operational cash profit of ₹1699 lakhs during the year under report, up 32% over previous year figure of ₹1,287 lakhs.

C: PERFORMANCE REVIEW

The Company's product portfolio consists of DDPY, Embroidered Laces and Fabrics, Braided Laces, etc. The products of the Company and their manufacturing locations are as follows:

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 (made on Schiffli Machines)	Naroli (Silvassa), Coimbatore(TN)

Dope Dyed Polyester Yarn

The Dope Dyed Polyester Yarn (DDPY) business continued to remain the dominant activity for the Company, with its contribution to the Company's overall turnover remaining unchanged at 84%, despite fall in turnover value. The business also accounted for 92% of the operating profit of the Company (previous year 95%), and 90% of exports (previous year 93%).

For the DDPY business, the year under review was a mixed bag, with lot of macro factors at play, but the division managed to close the year while largely protecting its operating profit. The operating profit for the DDPY business for the year stood at ₹2,209 lakhs as against ₹2,380 lakhs earlier.

The lower revenues of the DDPY business, ₹19,924 lakhs as against ₹22,974 lakhs reported in the previous year, a drop of about 13%, was primarily on account of the underlying price movements in the crude oil. Compared to the previous year, average crude oil prices ruled 15-20% lower, especially in the second half of the year under review, on multiple factors including higher US inventory levels, US-China trade tensions, overall low growth in world economy, supply glut due to out-of-sync production pattern between oil producers Iran-Opec-Russia. The raw material consumption for the DDPY division, thus came down by almost 18% in absolute value, and as percentage to sales, it witnessed an improvement of over 400 basis points over previous year.

The volume drop for the DDPY business was about 9%, due to some change in product-mix, and the division reported sales volume of 14,288 MT for the year under review.

In a year in which overall textiles demand remained subdued, the Company was able to devote production of value-added products to the domestic market at relatively better operating margins. Local sales recorded in the year under review stood at ₹16,685 lakhs as against ₹17,266 lakhs reported in the previous year, a drop of about 3%. Consequently, export revenues, after having exhibited high growth in previous two years, were down to ₹3,239 lakhs, lower by 43% over previous year.

Over the years, the DDPY business has matured and built inherent capabilities which allows it to overcome combined effect of macro factors like input cost movements, export opportunities, varying domestic demand levels and pricing pressures. Continuous investments in capacities, enlarged product range, value-addition processes and local and international marketing network enables it to tweak product range and addressable markets to ensure profitability. Since last several years, the division has managed sustained average operating profits of over ₹2,000 lakhs.

Even in the otherwise challenging year of FY2019-20, on declining volumes and export sales, the share of value-added products in both volume and value terms was only mildly affected, and stood at 63% and 72% respectively. While average revenue per ton declined by about 5%, in line with global commodity pricing movements, the average operating profit per ton was actually a bit higher than in the previous year. The operating profit margin for the DDPY business consequently increased from 10.4% to 11.1% for the year under review.

Your Company has been increasingly participating in Trade Fairs in India and abroad, engaging itself with the end customers directly, in order to promoter the PIONEER brand in the yarn segment. Continuous efforts in improving efficiencies, process automation, product development and developing marketing network allows Pioneer to be nimble-footed and perform relatively better than even the larger players in this segment.

Embroidery Business

The underlying business of the Embroidery and Lace Division (ELD) continued to remain strenuous during the year under review, marked by reduced domestic demand, competitive export markets and cheaper imports coming into the country. Consequently, domestic sales fell 12% to ₹3,493 lakhs, and exports were lower by about 20% to ₹351 lakhs.

On total sales of ₹3,844 lakhs for the year under review (previous year ₹4,410 lakhs), the division managed to record operating profit margin of 4.7% (previous year 3.1%), reporting an operating profit of ₹181 lakhs (previous year ₹136 lakhs), largely on account of improved profitability of the braided lace component of the business.

However, volumes in the business continue to exhibit a downward trajectory, and in the year under review, the mainstay embroideries reported a 15% drop, while braided laces more or less maintained volumes.

During the year under review, the Company sold off its factory land at Karad, Silvassa, which had earlier become a non-core asset following a business restructuring of the ELD business. The transaction fetched about ₹387 lakhs, all of which was utilized for repayment of outstanding loan.

Overhead cost rationalization, investment in refurbishment of equipment, better outsourcing, creating newer channels for sales, and improving business efficiencies remain the ways in which the ELD business can be sustained. The Company expects that the prospects of the ELD business should improve in the coming quarters, and having a lean business structure in place should ensure better profitability.

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Pioneer Embroideries Limited,

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Pioneer Embroideries Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit & Loss (including other comprehensive income), the statement of changes in equity and the 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 standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March, 2020, and its profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit Addressed the key audit matter
Revenue Recognition (As described in note 2.13 of the Standalone Financial Statements): The revenue recognition by the Company is on satisfaction of performance obligation upon transfer of control of products to customers at an amount that reflects the consideration to which the Company expects to be entitled as sales value for those products. Revenue from sale of goods is recognized net of discounts, volume rebates, sales return and taxes. Certain terms in sales arrangement relating to timing of transfer of risk and rewards, discounts, rebates, delivery specifications, involves significant judgement in determining whether the revenue is recognized in the correct period.	• Performed checks to understand the adequacy and the design of the revenue cycle for all significant components. Tested control in the revenue and trade account receivable cycle over the accuracy and timing of revenue accounted in the financial statements. • Considered the appropriateness of the Company's revenue recognition accounting policies. • Performed tests of details, on a sample basis, and verified the underlying sales orders, invoice copies, terms of delivery, motor receipts, bill of lading to assess whether revenue recorded is as per the contract. • Tested sales transactions around year-end date ensuring revenues were recognized in the correct accounting period. • Verified that the revenue for the year are appropriately presented and disclosed in the financial statements.

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. 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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

3. 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 standalone financial statements 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 Indian 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 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.

      iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **S.K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

RAHUL NAREDI
Partner
Membership Number: 302632

Place: Mumbai
Date: 29th June, 2020

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 31st March, 2020.

i. In respect of the Company's fixed assets,

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 3 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 ₹ 44.37 lakh as at 31st March, 2020.

ii. The physical verification of inventory excluding stocks with third parties and goods in transit 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 two companies 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.

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 prescribe 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 31st March, 2020 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 31st March, 2020 on account of any dispute are given below:

Particulars	Year to which the matter pertains	Forum where matter is pending	Amount (₹ in lakhs)
Duty of excise	F.Y. 2001-02	Commissioner Appeal	33.58
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	123.85

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks during the year. The Company has not taken any loans or borrowings from government or through debentures.

ix. In our opinion and according to the information and explanations given to us, The Company did not raise moneys by way of further public offer (including debt instruments).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 Ind AS.

xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of equity shares or fully or partly convertible debentures during the year. Provisions of clause 3(xiv) of the order are not applicable.

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 covered under Section 192 of the Act.

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 **S.K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

RAHUL NAREDI
Partner
Membership Number: 302632

Place: Mumbai
Date: 29th June, 2020

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 31st March, 2020 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 authorizations 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 31st March, 2020, 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 **S.K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

RAHUL NAREDI
Partner
Membership Number: 302632

Place: Mumbai
Date: 29th June, 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Non-Current Assets			
Property, Plant & Equipments	3A	8,352.67	9,295.86
Capital Work- in- Progress	3B	24.51	180.58
Other Intangible Assets	3C	32.47	39.18
Right of Use Assets	3D	128.25	-
Financial Assets			
(i) Investments	4	929.65	933.70
(ii) Other Non-Current Financial Assets	5	202.74	197.58
Other Non Current Assets	6	148.55	23.37
2 Current Assets			
Inventories	7	3,412.68	3,032.56
Financial Assets			
(i) Trade Receivables	8	1,578.51	2,744.59
(ii) Cash and Cash Equivalents	9	142.76	55.89
(iii) Other Current Financial Assets	10	775.77	1,175.95
Current Tax Assets (Net)	11	119.91	118.29
Other Current Assets	12	325.94	587.44
		16,174.41	**18,384.99**
II EQUITY AND LIABILITIES			
1 Equity			
Equity Share Capital	13	2,494.79	2,494.79
Other Equity	14	6,543.43	5,729.47
2 Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	15	1,082.81	2,006.73
(ii) Lease Liability	16	67.88	-
Provisions	17	461.30	404.20
3 Current Liabilities			
Financial Liabilities			
(i) Borrowings	18	1,578.81	1,846.48
(ii) Lease Liability	19	42.15	-
(iii) Trade Payables	20		
a) Outstanding Dues of Micro Enterprises and Small Enterprises		262.66	273.69
b) Outstanding Dues other than Micro Enterprises and Small Enterprises		1,918.83	2,749.21
(iv) Other Current Financial Liabilities	21	1,503.83	2,582.34
Provisions	22	18.55	13.19
Other Current Liabilities	23	199.37	284.89
		16,174.41	18,384.99

Significant Accounting Policies and other Notes to Standalone Financial Statements. 1-45
The accompanying Notes are an integral part of the Standalone Financial Statements.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue			
Revenue from Operations	24	23,768.20	27,383.92
Other Income	25	183.26	203.77
Total Revenue		**23,951.46**	**27,587.69**
Expenses			
Cost of Materials Consumed	26	12,980.79	15,788.08
Purchases of Stock-in-Trade		300.01	350.82
Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress	27	28.18	40.29
Employee Benefits Expense	28	3,200.44	3,403.15
Finance Costs	29	613.94	764.66
Depreciation and Amortization Expenses	3	871.21	874.15
Other Expenses	30	5,348.40	5,843.39
Total Expenses		**23,342.97**	**27,064.54**
Profit before Exceptional and Extraordinary Items and Tax		608.49	523.15
Exceptional Items - Income/(Loss) (Net)	31	219.43	(110.02)
Profit before Tax		**827.92**	**413.13**
Tax Expenses		-	-
Profit for the year (A)		**827.92**	**413.13**
Other Comprehensive Income			
Items that will not reclassified to Statement of Profit and Loss (Net of Tax)		(13.96)	16.34
Other Comprehensive Income for the year (B)		**(13.96)**	**16.34**
Total Comprehensive Income for the year (A+B)		**813.96**	**429.47**
Earning per Equity Share of ₹10 each:	43		
(1) Basic ₹		3.32	1.69
(2) Diluted ₹		3.32	1.66

Significant Accounting Policies and other Notes to Standalone Financial Statements. 1-45

The accompanying Notes are an integral part of the Standalone Financial Statements.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

		For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash Flow From Operating Activities :**		
	Net Profit before Extraordinary Items and Tax	827.92	413.13
	Adjustment for :		
	Depreciation and Amortisation Expense	871.21	874.15
	Loss/(Profit) on sale/discard of Property, Plant and Equipment (net)	20.09	2.21
	Profit from sale of Non Core Assets	(219.43)	-
	Interest Income	(17.28)	(19.89)
	Finance Costs	613.94	764.66
	Provision for Credit Losses	22.71	15.11
	Liabilities/Provisions no longer required written back	(44.35)	-
	Operating Profit before Working Capital Changes	**2,074.81**	**2,049.37**
	Changes in Working Capital:		
	Adjustments for :		
	Decrease/(Increase) in Inventories	(380.11)	53.60
	Decrease/(Increase) in Trade and Other Receivables	1,799.89	(252.69)
	Increase/(Decrease) in Trade and Other Payables	(930.05)	99.71
	Cash generated from Operation	**2,564.54**	**1,949.99**
	Net Income Tax (paid) / refunds	(1.62)	0.42
	Net Cash from Operating Activities	**2,562.92**	**1,950.41**
B.	**Cash Flow From Investing Activities :**		
	Purchases of Property, Plant and Equipments and Intangible Assets (including capital advance)	(228.54)	(475.91)
	Proceeds from sales of Property, Plant & Equipments (net of Advance)	521.16	14.30
	Proceeds from Long Term Investments	4.05	-
	Interest Received	17.28	19.89
	Net Cash from / (used) in Investing Activities	**313.95**	**(441.72)**
C.	**Cash Flow From Financing Activities :**		
	Proceeds from Non-Current Borrowing	267.34	332.46
	Repayment of Non-Current Borrowing	(2,189.68)	(1,406.88)
	Net increase / (decrease) in Current Borrowings	(267.67)	257.21
	Payment of Lease Liability	5.40	-
	Finance Costs	(605.39)	(775.13)
	Net Cash used in Financing Activities	**(2,790.00)**	**(1,592.34)**
	Net increase / (decrease) in cash and Cash Equivalents (A+B+C)	86.87	(83.65)
	Add: Opening Cash and Cash Equivalent	55.89	139.54
	Closing Cash and Cash Equivalent	**142.76**	**55.89**

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

(a) Equity Share Capital :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	2,49,47,942	2,494.79	2,41,17,285	2,411.73
Changes in Equity Share Capital during the year	-	-	8,30,657	83.06
Balance at the end of the year	**2,49,47,942**	**2,494.79**	**2,49,47,942**	**2,494.79**

(b) Other Equity:

Particulars	Reserves and Surplus		Remeasurement of Defined Benefit Plans	9% Optionally Convertible Cumulative Redeemable Preference Shares	Total
	Security Premium Reserve	Retained Earnings			
Balance at April 01, 2018	**3,551.85**	**1,479.18**	**53.41**	**298.63**	**5,383.07**
Profit for the year	-	413.13	-	-	413.13
Other Comprehensive Income for the year	-	-	16.34	-	16.34
Total Comprehensive Income for the year	**-**	**413.13**	**16.34**	**-**	**429.47**
On issuance of Equity Shares	215.56	-	-	-	215.56
Redeemed during the year	-	-	-	(298.63)	(298.63)
Balance at March 31, 2019	**3,767.41**	**1,892.31**	**69.75**	**-**	**5,729.47**
Profit / (Loss) for the year	-	827.92	-	-	827.92
Transfer to Retained earnings	-	69.75	(69.75)	-	-
Other Comprehensive Income for the year	-	(13.96)	-	-	(13.96)
Total comprehensive income for the year	**-**	**883.71**	**(69.75)**	**-**	**813.96**
Balance at March 31, 2020	**3,767.41**	**2,776.02**	**-**	**-**	**6,543.43**

Securities Premium Reserve: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained earnings - Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders, if any.

The accompanying Notes are an integral part of the Standalone Financial Statements.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Reporting Entity

Pioneer Embroideries Limited referred to as “the Company” is domiciled in India. The Company’s registered office is at Unit 101B, 1st Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai-400 058. The Company is a manufacturer of Dope Dyed Polyester Yarn (DDPY), Embroidery & Lace Products. It has four manufacturing units located at Kala-amb (Himachal Pradesh) for DDPY and Sarigam (Gujarat), Naroli (Daman & Nagar Haveli), Coimbatore (Tamilnadu) for Embroidery and Laces.

These financial statements were authorised for issue by the Board of Directors in their meeting held on 29th June, 2020.

2 Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

2.1 Basis of Preparation

The standalone financial statements of the Company comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other accounting principles generally accepted in India.

Accounting Policies have been consistently applied except where a newly issued accounting standards is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention on accrual basis and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2.3 Functional and Presentation Currency

These financial statements are presented in Indian National Rupee (‘INR’), which is the Company’s functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

2.4 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Useful life and residual value of Property, Plant and Equipment;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

2.5 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and Cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

2.6 Property, Plant and Equipment (Fixed Assets)

Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss , if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation on property, plant & equipment is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Right of use assets is amortised over the lease period or estimated useful life whichever is less. Additions on rented premises are being amortised over the period of rent agreement.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below ₹5,000 are fully depreciated in the year of purchase.

Capital work-in-progress

Expenditure incurred during the construction period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

2.7 Intangible Assets

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 10 years.
Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.8 Non-current Assets held for Sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.9 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.11 Foreign Currency Transactions

Transactions in foreign currencies are recorded by the Company at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2.12 Employee Benefits

Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yield of government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other equity and will not be reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Other long-term employee benefits

The Company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

2.13 Revenue Recognition

The Company recognises revenue from sale of goods when;

i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

iii) the amount of revenue can be measured reliably;

iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc. Sales exclude Goods and Services Tax.

Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

Dividends are recognised at the time the right to receive payment is established.

2.14 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

and stores & spare parts is computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

2.15 Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.16 Measurement of Fair Value

a) Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b) Marketable and non-marketable equity securities

Fair value for quoted securities is based on quoted market prices as of the reporting date. Fair value for unquoted securities is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

2.17 Financial Instruments

a. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business modelwhose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Financial assets at fair value through profit and loss (FVTPL)

Any Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a Financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL.

However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

2.18 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In view uncertainty to have taxable income in immediate future as prudent, no defer tax assets are recognised for the year.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.19 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

Lease Liability

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are not presented as a separate line in the Balance Sheet but presented below similar owned assets as a separate line in the PPE note under "Notes forming part of the Financial Statement".

The Company applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company. The Business activity of the company falls within one business segment viz "Textile".

2.22 Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3A. Property, Plant and Equipment

(₹ in lakhs)

	Tangible Assets										Leasehold Assets	
Particulars	**Freehold land**	**Buildings**	**Plant and Equipment**	**Vehicles**	**Furniture and Fixtures**	**Office Equipment**	**Computers**	**Electrical Installations**	**Borewell**	**Total**	**Leasehold land**	**Total**
Cost												
As at 1st April, 2018	**392.29**	**3,079.25**	**6,984.96**	**93.85**	**50.06**	**21.22**	**53.72**	**489.21**	**0.07**	**11,164.63**	**24.81**	**11,189.44**
Additions	-	46.99	549.72	16.53	7.68	4.71	3.22	4.38	0.29	633.52	-	633.52
Disposals	-	-	86.08	9.94	-	0.81	5.61	-	-	102.44	-	102.44
As at 31st March 2019	**392.29**	**3,126.24**	**7,448.60**	**100.44**	**57.74**	**25.12**	**51.33**	**493.59**	**0.36**	**11,695.71**	**24.81**	**11,720.52**
Additions	-	3.72	184.59	18.73	0.70	2.70	5.51	3.56	-	219.51	-	219.51
Disposals	66.60	160.06	212.75	6.99	0.34	-	0.35	4.45	-	451.54	-	451.54
Reclassification to Right of Use Assets											24.81	24.81
As at 31st March 2020	**325.69**	**2,969.90**	**7,420.44**	**112.18**	**58.10**	**27.82**	**56.49**	**492.70**	**0.36**	**11,463.68**	**-**	**11,463.68**
Depreciation												
As at 1st April, 2018	**-**	**271.12**	**1,090.79**	**26.72**	**30.83**	**9.64**	**21.67**	**194.32**	**0.07**	**1,645.16**	**0.60**	**1,645.76**
Additions	-	144.67	626.95	13.46	5.21	4.44	11.47	58.32	0.01	864.53	0.30	864.83
Deletions	-	-	69.86	9.65	-	0.81	5.61	-	-	85.93	-	85.93
As at 31st March 2019	**-**	**415.79**	**1,647.88**	**30.53**	**36.04**	**13.27**	**27.53**	**252.64**	**0.08**	**2,423.76**	**0.90**	**2,424.66**
For the year	-	138.57	593.57	14.54	3.28	5.30	10.06	51.59	0.06	816.97	-	816.97
Deletions	-	31.45	86.88	6.27	0.34	-	0.33	4.45	-	129.72	-	129.72
Reclassification to Right of Use Assets											0.90	0.90
As at 31st March 2020	**-**	**522.91**	**2,154.57**	**38.80**	**38.98**	**18.57**	**37.26**	**299.78**	**0.14**	**3,111.01**	**-**	**3,111.01**
Net block												
As at 31st March 2019	392.29	2,710.45	5,800.72	69.91	21.70	11.85	23.80	240.95	0.28	9,271.95	23.91	9,295.86
As at 31st March 2020	**325.69**	**2,446.99**	**5,265.87**	**73.38**	**19.12**	**9.25**	**19.23**	**192.92**	**0.22**	**8,352.67**	**-**	**8,352.67**

3B. Capital Work-in-Progress

As at 31st March 2019	180.58
As at 31st March 2020	**24.51**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3C. Intangible Assets

(₹ in lakhs)

Particulars	Computer Software	Total
Cost		
As at 1st April, 2018	**68.00**	**68.00**
Additions	-	-
Disposals	-	-
As at 31st March 2019	**68.00**	**68.00**
Additions	-	-
Disposals	-	-
As at 31st March 2020	**68.00**	**68.00**
Depreciation		
As at 1st April, 2018	**19.50**	**19.50**
Additions	9.32	9.32
Deletions	-	-
As at 31st March 2019	**28.82**	**28.82**
For the year	6.71	6.71
Deletions	-	-
As at 31st March 2020	**35.53**	**35.53**
Net block		
As at 31st March 2019	39.18	39.18
As at 31st March 2020	**32.47**	**32.47**

3D. Right of use Assets (Refer Note 33)

Particulars	Leasehold Land	Leased Property	Total
Cost			
Reclassification from Property, Plant & Equipment	24.81	-	24.81
Additions as per IND AS 116 (Lease)	-	151.87	151.87
Disposals	-	-	-
As at 31st March 2020	24.81	151.87	176.68
Amortisation			
Reclassification from Property, Plant & Equipment	0.90	-	0.90
For the year	0.29	47.24	47.53
Deletions	-	-	-
As at 31st March 2020	**1.19**	**47.24**	**48.43**
Net block			
As at 31st March 2019	-	-	-
As at 31st March 2020	**23.62**	**104.63**	**128.25**

3.1 a) Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.
b) Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.
c) Property, Plant and Equipment given as security for borrowings (Refer note 15 & 18).
d) Capital Work in progress includes a sum of ₹24.51 spent for ongoing expansion at Kala-amb unit.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

4 Non- Current Investment

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Quoted Investments				
In Other Entities (measured at fair value through profit and loss)				
RLF Limited	1,000	-	1,000	-
(Equity shares of Face Value of ₹10 each)				
(Cost ₹0.06 less provision made ₹0.06)				
Padmini Technologies Limited (listing suspended)	68,939	-	68,939	-
(Equity shares of Face Value of ₹10 each)				
(Cost ₹17.56 less provision made ₹17.56)				
Unquoted Investments				
a) Investment in Subsidiaries (measured at cost)				
Hakoba Lifestyle Limited	48,46,312	484.63	48,46,312	484.63
(Equity shares of Face Value of ₹10 each)				
Pioneer Realty Limited	50,000	5.00	50,000	5.00
(Equity shares of Face Value of ₹10 each)				
Crystal Lace (I) Limited	44,00,000	440.00	44,00,000	440.00
(Equity shares of Face Value of ₹10 each)				
b) In Other Entities				
The Greater Bombay Co-op. Bank Limited	40	0.01	40	0.01
(Equity shares of Face Value of ₹25 each)				
Clover Energy Private Limited	100	0.01	40,550	4.06
(Equity shares of Face Value of ₹10 each)				
	93,66,391	**929.65**	**94,06,841**	**933.70**

a. None of the above investments are listed on any stock exchange in India or outside India.

b. Aggregate amount of investments are given below:

	2020	2019
Aggregate cost of unquoted investments	947.27	951.32
Aggregated amount of impairment in value of investment	17.62	17.62

	Particulars	As at March 31, 2020	As at March 31, 2019
5	**Other Non-Current Financial Assets**		
	Unsecured, considered good		
	Security Deposits	150.34	147.75
	Fixed Deposit in Banks with more than 12 months maturity	52.40	49.83
		202.74	**197.58**
6	**Other Non- Current Assets**		
	Unsecured, considered good		
	Capital Advances	148.55	23.37
		148.55	**23.37**

6.1 Capital advance of ₹148.55 (₹23.37) has been given towards advance against purchase of a property and advance to suppliers of plant & machineries at Dope Dyed Yarn unit at Kala-amb.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
7	**Inventories**		
	(Valued at lower of cost or net realisable value as certified by Management)		
	Raw Materials	845.38	515.11
	Work-in-Progress	537.84	527.81
	Finished Goods	1,821.22	1,859.43
	Store & Spares	156.63	88.77
	Packing Material	51.61	41.44
		3,412.68	**3,032.56**
7.1	Inventories are hypothecated to secure borrowings. (Refer Note 15 & 18)		
8	**Trade Receivables**		
	Unsecured		
	Considered Good	1,568.68	2,718.27
	Having significant increase in credit risks	195.48	189.26
	Considered Doubtful/Bad	786.71	786.71
		2,550.87	3,694.24
	Less: Allowance for Credit Losses	(972.36)	(949.65)
		1,578.51	**2,744.59**

8.1 Trade receivables include outstanding from related party enterprise of ₹29.29 (₹65.78) and Associate Concern ₹2.80 (₹8.46).
8.2 Trade Receivables are hypothecated to secure borrowings. (Refer Note 15 & 18)

	Particulars	As at March 31, 2020	As at March 31, 2019
9	**Cash & Cash Equivalents**		
	Balances with Banks - In Current Accounts	125.16	44.12
	Cash in hand	17.60	11.77
		142.76	**55.89**
10	**Other Current Financial Assets**		
	Unsecured, considered good		
	Other Loans and Advances		
	Subsidiaries		
	Hakoba Lifestyle Ltd.	195.40	254.43
	Pioneer Realty Ltd.	2.59	2.22
	Others		
	Loan & Advance to Staff	22.31	23.67
	Advances to Arcot Textile Mills Ltd. (Refer Note 10.1)	549.10	895.63
	Insurance Claim Receivables	6.37	-
		775.77	1,175.95

10.1 Advances to Arcot Textile Mills Limited (ATML) (then a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹1,105.00 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, ₹555.90 has been returned by ATML till March 31, 2020.

	Particulars	As at March 31, 2020	As at March 31, 2019
11	**Current Tax Assets (Net)**		
	Income Tax Refund Receivable (net)	119.91	118.29
		119.91	**118.29**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
12	**Other Current Assets**		
	Unsecured, considered good		
	Advances recoverable in cash or in kind	104.28	134.66
	Prepaid Expenses	45.53	39.87
	Accrued Export and Other Incentives	39.45	53.01
	Other Advances and Balances	136.68	359.90
		325.94	**587.44**

13 **Share Capital**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity Shares of ₹10 each	5,00,00,000	5,000.00	3,30,00,000	3,300.00
Preference Shares of ₹10 each	-	-	1,70,00,000	1,700.00
	5,00,00,000	**5,000.00**	**5,00,00,000**	**5,000.00**
Issued, Subscribed & Paid up				
Equity Shares of ₹10 each	2,49,47,942	2,494.79	2,49,47,942	2,494.79
	2,49,47,942	**2,494.79**	**2,49,47,942**	**2,494.79**

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

As at the beginning of the financial year	2,49,47,942	2,494.79	2,41,17,285	2,411.73
Add: Issued during the year	-	-	8,30,657	83.06
As at the end of the financial year	**2,49,47,942**	**2,494.79**	**2,49,47,942**	**2,494.79**

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.

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of	Number of shares held	% holding in that class of
Pioneer E-Com Fashions LLP	45,01,726	18.04	45,01,726	18.04
Raj Kumar Sekhani	19,24,760	7.72	20,63,760	8.27
Anand Sekhani	15,00,500	6.01	15,00,500	6.01
Amit Sekhani	15,00,000	6.01	15,00,000	6.01
Union Bank of India	12,91,183	5.18	12,91,183	5.18
Export Import Bank of India	12,59,028	5.05	12,59,028	5.05

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
14	**Other Equity**		
	Share Premium Reserve		
	Opening Balance	3,767.41	3,551.85
	Add: During the year	-	215.56
	Balance as at the end of the year	**3,767.41**	**3,767.41**
	Retained Earnings		
	Opening Balance	1,892.31	1,479.18
	Transfer from Other Comprehensive Income (Remeasurement of defined benefit Plans)	69.75	-
	Add: Other Comprehensive income (including tax thereon)	(13.96)	-
	Add: Profit for the year	827.92	413.13
	Balance as at the end of the year	**2,776.02**	**1,892.31**
	Other Comprehensive Income		
	Opening Balance	69.75	53.41
	Add/(Less) : On Gratuity for the year	-	16.34
	Less: Transfer to Retained Earning	(69.75)	-
		-	69.75
		6,543.43	**5,729.47**

Nature and purpose of other reserves/ other equity

Securities Premium
This Reserve represents premium received on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings
Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

15	**Non-Current Financial Liabilities -Borrowings**		
	Secured Loans		
	Term Loans from Banks/Institutions	1,661.28	3,583.61
	Loan from Others	128.66	128.66
		1,789.94	**3,712.27**
	Current Maturity of Borrowings disclosed under the head "Other Financial Liabilities" (Refer Note 21)	707.13	1,705.54
		1,082.81	**2,006.73**

15.1 Term Loans from bank of ₹1,627.73 are secured by first pari passu charge over fixed assets of the Company both present & future with other term lenders and are further secured by second charge over current assets of the Company, by personal guarantee of Chairman of the Company and pledge of company's certain shares by promoter and promoter group firms.

Out of these loan, i) ₹1,377.73 is repayable in monthly instalments ending July 2022 and carries interest @13% p.a..; ii) ₹250.00 is repayable in monthly instalments ending March 2022 and carries interest @22% p.a..

15.2 Term Loan from Banks of ₹33.55 are secured by hypothecation of respective vehicles financed.

15.3 Term Loan from others of ₹128.66 is secured by assignment of Keyman Insurance Policy and carries interest @9.5%.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
16	**Lease Liability**		
	Finance lease obligations	110.03	-
		110.03	**-**
	Current Maturity of Lease (Refer Note 19)	(42.15)	-
		67.88	**-**
17	**Long Term Provisions**		
	Provision for Employee Benefits	461.30	404.20
		461.30	**404.20**
18	**Current Financial Liabilities -Borrowings**		
	Secured		
	Loans Repayable on Demand		
	Cash Credit from Bank	1,484.70	1,508.13
		1,484.70	**1,508.13**
	Unsecured		
	Short Term Loans Repayable on Demand		
	Inter Corporate Deposits	-	206.08
	Loans From Related Party		
	From Directors	94.11	132.27
		94.11	**338.35**
		1,578.81	**1,846.48**

18.1 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 Pioneer E-com Fashions LLP, a promoter group firm, and personal guarantee of the Chairman of the Company.

19	**Lease Liability**		
	Lease obligations	42.15	-
		42.15	**-**
20	**Trade Payables**		
	For Goods and Services		
	Total outstanding dues of micro enterprises and small enterprises	262.66	273.69
	Total outstanding dues of creditors other than micro enterprises and small enterprises	1,918.83	2,749.21
		2,181.49	**3,022.90**

20.1 Trade Payables include outstanding to a related enterprise of ₹19.31 (₹61.10) and subsidiaries of ₹57.32(₹9.68).

20.2 Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

a. Principal amount and Interest due thereon remaining unpaid to any supplier at the end of year	64.40	95.34
b. Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day	-	-
c. the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
21	**Other Current Financial Liabilities**		
	Current maturities of Long Term Debt (Refer note 15)	707.13	1,705.54
	Interest accrued	28.43	19.88
	Capital Creditors	69.86	62.54
	Employees Emoluments	557.48	579.23
	Statutory Dues	38.14	59.42
	Others	102.79	155.73
		1,503.83	**2,582.34**
22	**Short Term Provisions**		
	Provision For Employee Benefits	18.55	13.19
		18.55	**13.19**
23	**Other Current Liabilities**		
	Customers' Credit Balances and Advances against orders	199.37	284.89
		199.37	**284.89**

	Particulars	For the year ended March 31 2020	For the year ended March 31 2019
24	**Revenue From Operations**		
	Sale of Products - Yarn, Embroidery Fabric & Laces		
	Domestic Sales	20,177.43	21,236.24
	Export Sales	3,539.85	6,044.96
	Other Operating Revenue (Including Export Incentives)	50.92	102.72
		23,768.20	**27,383.92**

24.1 Sales include sales made to related enterprises ₹33.96 (₹277.51).

	Particulars	For the year ended March 31 2020	For the year ended March 31 2019
25	**Other Income**		
	Interest Income	17.28	19.89
	Liabilities/Provisions no longer required written back	44.35	-
	Gain on Foreign Currency transactions and translation (Net)	62.18	114.66
	Miscellaneous Income	59.45	69.22
		183.26	**203.77**
26	**Cost Of Material Consumed**		
	Cost of Raw Material Consumed		
	Opening Stock	515.11	553.67
	Purchases during the year	13,311.06	15,749.52
		13,826.17	16,303.19
	Less:- Closing Stock	845.38	515.11
		12,980.79	15,788.08

26.1 Purchases includes from related enterprises ₹38.63 (₹65.00) and subsidiaries ₹53.08(₹4.34).

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	For the year ended March 31 2020	For the year ended March 31 2019
27	**Change In Inventories**		
	Opening Inventories		
	Work-in-Progress	527.81	583.84
	Finished Goods	1,859.43	1,843.69
		2,387.24	**2,427.53**
	Less: Closing Inventories		
	Work-in-Progress	537.84	527.81
	Finished Goods	1,821.22	1,859.43
		2,359.06	**2,387.24**
		28.18	**40.29**
28	**Employee Benefits Expense**		
	Salaries, Wages and Incentives	3,021.37	3,204.59
	Contribution to Funds	108.31	110.28
	Staff Welfare Expenses	70.76	88.28
		3,200.44	**3,403.15**
29	**Finance Cost**		
	Interest expense	540.92	661.03
	Other Borrowing Costs	27.81	19.83
	Fair value changes of interest free loans	44.43	85.26
	Net Gain/Loss on Foreign Currency Transactions and Translation (Considered as finance costs)	0.78	(1.46)
		613.94	**764.66**
30	**Other Expenses**		
	Stores & Spares Consumed	425.01	429.27
	Repair & Maintenance	143.92	151.82
	Power & Fuel	1,812.84	1,943.36
	Insurance	46.67	29.00
	Job Charges	327.38	480.71
	Legal & Professional Fees	77.18	99.36
	Packing Material Consumed	1,193.78	1,188.94
	Payment to Auditors*	11.50	11.50
	Rates & Taxes	24.23	37.50
	Rent	32.23	63.88
	Provision for Allowance of Credit Losses	22.71	15.11
	Loss on disposal of Property, Plant and Equipment (Net)	20.09	2.21
	Directors Sitting Fees	1.70	1.93
	Donations	0.06	0.10
	Expenditure incurred towards CSR activities	-	7.21
	Selling Expenses	786.51	951.82
	Miscellaneous Expenses	422.59	429.67
		5,348.40	**5,843.39**
	*** Details of payment to Auditors**		
	a) Statutory & Tax Audit	11.50	11.50
	b) for Taxation Matter	-	-
	c) for Other Services		-
		11.50	**11.50**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

31 Exceptional Items

Exceptional item of ₹219.43 (₹NIL) represents profit from sale of non-core assets of the Company and ₹NIL (₹110.02) represent settlement of workers arrived with them towards sundry cases in Labour Court - Silvassa.

	Particulars	As at March 31, 2020	As at March 31, 2019
32	**Contingent liabilities, contingent assets and commitments**		
	A. Contingent liabilities (not provided for) in respect of:		
	1 Bank Guarantees Outstanding.	73.80	80.80
	2 Demand for Excise duty, being contested by the Company	33.58	33.58
	3 Demand for Income Tax, being contested by the Company	62.34	62.34
	4 Demand for Service Tax, being contested by the Company	123.85	123.85
	5 Sundry Cases in Labour Court and Industrial Court (Sarigam unit, Gujrat and Silvassa unit) *(quantum is not ascertainable)	N A*	N A*
	6 Custom Duty on Capital Goods and Raw Materials imported under Advance License / EPCG Scheme, against which export obligation is to be fulfilled.	1.62	64.70

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. The management believes that the Company has a strong chance of favourable decision in above cases, hence no further provision has been considered necessary.

B.	**Commitments**		
	Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances]	13.00	-

33 Transition to Ind AS 116

The Company has adopted Ind AS 116 "Leases", effective annual reporting period beginning April 1, 2019 and using modified retrospective approach, accordingly, the Company has not restated comparative information and there is no cumulative effect of initially applying this standard on opening balance of retained earnings as on April 1, 2019.

(A) The company recognised ROU assets for the following asset categories:

ROU Assets Category	As at 1st April 2019
Leasehold Land	24.81
Building	151.87
Total	**176.68**

(B) The change in accounting policy affected in increase of right of use asset and lease liability by ₹151.87 and ₹110.03 lakhs respectively in balance sheet.

(C) The Company incurred ₹32.23 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets

(D) Practical expedients applied on initial application date i.e. April 1, 2019

- (i) The company has not reassessed whether a contract is or contains a lease at the date of initial application.
- (ii) The company has utilised the exemption provided for short term lease (less than one year) and leases for low value assets.
- (iii) The company has utilised hindsight in determining the lease terms if the contracts contained options to extend or terminate the lease.
- (iv) Initial direct cost are excluded from the measurement of right of use assets at the date of initial application.
- (v) The company has relied on its assessment of whether leases are onerous.
- (vi) The weighted average of company's incremental borrowing rate applied to lease liabilities at the date of initial application was 13%
- (vii) The company has carried forward the amount of the finance lease assets (reclassified as ROU assets).
- (viii) The Company has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as the date of initial application.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
34	**Foreign exchange derivatives and exposures outstanding at the year-end:**		
	(a) Foreign Currency exposure not hedged by derivative instrument or otherwise :		
	i. Receivable	172.18	735.40
	ii. Payable	35.75	173.13
	(b) Outstanding forward contracts to be hedge foreign currency exposure :	-	-

35 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund ₹83.88 (₹73.03).

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	March 31, 2020	March 31, 2019
Net defined benefit liability / (asset)	400.58	340.85
Liability for Gratuity		
Current	16.01	13.19
Non-Current	384.57	327.66

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

B. Movement in net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	March 31, 2020			March 31, 2019		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	340.85	-	340.85	298.40	-	298.40
Included in profit or loss						
Service costs	60.67	-	60.67	57.99	-	57.99
Interest cost / (income)	24.53	-	24.53	22.07	-	22.07
	85.20	-	85.20	80.06	-	80.06
Included in OCI						
Actuarial loss / (gain) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	42.50	-	42.50	1.39	-	1.39
- experience adjustment	(28.54)	-	(28.54)	(17.74)	-	(17.74)
	13.96	-	13.96	(16.35)	-	(16.35)
Other						
Contributions paid by the employer				-		
Benefits paid	(39.43)	-	(39.43)	(21.27)	-	(21.27)
	(39.43)	-	(39.43)	(21.27)	-	(21.27)
Balance as at 31 March	**400.58**	**-**	**400.58**	**340.84**	**-**	**340.84**

(₹ in lakhs)

Particulars	**As at March 31, 2020**	As at March 31, 2019
C. Plan assets		
The Company has no plan assets.		
D. Actuarial assumptions		
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).		
Discount rate	6.80%	7.64%
Expected rate of future salary increase	7.50%	7.50%
Mortality	**100% of IALM (2006 - 08)**	
Assumptions regarding future mortality have been based on published statistics and mortality tables.		

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(350.75)	458.46	(298.59)	390.32
Expected rate of future salary increase (1% movement)	461.51	(351.89)	392.36	(299.28)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Description of Risk Exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

A) Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.
B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
C) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumption in the valuation can impact the liabilities."

36 Related parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP) and their relatives	Mr. Raj Kumar Sekhani (Chairman)
	Mr. Harsh Vardhan Bassi (Managing Director)
	Mr. Gangadharan Kandam Rama Panicker (Executive Director)
	Mr. Joginder Kumar Baweja (Independent Director)
	Mr. Gopalkrishnan Sivaraman (Independent Director)
	Mrs. Sujata Chakravarthy (Independent Director)
	Mrs. Bimla Devi Sekhani
	Mr. Aarav Sekhani
	Mr. Vishal Sekhani
	Mr. Ratanlal Sekhani
	Mrs. Prachi Sekhani
	Mrs. Priyani Sekhani
ii. Enterprises having significant influence by KMP & their Relatives	M/s J J Sons
	M/s J J Enterprises
	Kiran Industries Pvt. Ltd.
	Thakurdas & Co. Pvt. Ltd.
	Kiran Texpro Pvt. Ltd.
iii. Subsidiaries	Hakoba Lifestyle Ltd.
	Pioneer Realty Ltd.
	Crystal Lace (I) Ltd.
iv. Associate Concerns	Pioneer E-Com Fashions LLP
	Reach Industries Pvt. Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

B **Transactions with the above in the ordinary course of business**

(₹ in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sales		
Enterprises having significant influence by KMP & their Relatives		
M/s J J Sons	31.43	18.30
M/s J J Enterprises	5.66	10.74
Kiran Industries Pvt. Ltd.	(3.14)	247.48
Kiran Texpro Pvt. Ltd.	-	0.98
	33.96	**277.51**
Purchases		
Enterprises having significant influence by KMP & their Relatives		
M/s J J Enterprises	1.73	3.85
M/s J J Sons	0.79	-
Kiran Industries Pvt. Ltd.	23.67	19.02
Kiran Texpro Pvt. Ltd.	12.43	42.13
	38.63	**65.00**
Subsidiaries		
Crystal Lace (I) Ltd.	53.08	4.34
Payment for Rent & Other Services		
Enterprises having significant influence by KMP & their Relatives		
Kiran Industries Pvt. Ltd.	7.08	7.08
Employee Benefit Expense		
Key Managerial Personnel (KMP) and their Relatives	188.88	185.51
Loans & Advances Given / Repaid		
Subsidiaries		
Hakoba Lifestyle Ltd.	-	1.55
Pioneer Realty Ltd.	0.37	0.01
	0.37	**1.56**
Key Managerial Personnel (KMP) and their Relatives		
Mr. Raj Kumar Sekhani (Chairman)	50.57	-
Loans & Advances taken/recovered		
Subsidiaries		
Hakoba Lifestyle Ltd.	59.03	-
Key Managerial Personnel (KMP) and their Relatives		
Mr. Raj Kumar Sekhani (Chairman)	-	47.30
Mr. Harsh Vardhan Bassi (Managing Director)	12.40	7.02
	12.40	**54.32**
Guarantee taken		
Key Managerial Personnel (KMP) and their Relatives		
Mrs. Bimla deva Sekhani	250.00	200.00
Associates Concerns		
Pioneer E-Com Fashions LLP	250.00	200.00

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

		For the year ended March 31, 2020	For the year ended March 31, 2019
C	**Outstanding balance at the year end**		
	Loans & Advances Given		
	Subsidiaries		
	Hakoba Lifestyle Ltd.	195.40	254.43
	Pioneer Realty Ltd.	2.59	2.22
		197.99	**256.65**
	Loans & Advances taken/recovered		
	Key Managerial Personnel (KMP) and their Relatives		
	Mr. Raj Kumar Sekhani (Chairman)	12.74	63.31
	Mr. Harsh Vardhan Bassi (Managing Director)	81.37	68.97
		94.11	**132.27**
	Trade Payables & Other Liabilities		
	Enterprises having significant influence by KMP & their Relatives		
	M/s J J Enterprises	-	47.59
	Kiran Industries Pvt. Ltd.	16.65	3.87
	Kiran Texpro Pvt. Ltd.	2.66	9.64
		19.31	**61.10**
	Subsidiaries		
	Crystal Lace (I) Ltd.	57.32	9.68
	Receivables		
	Enterprises having significant influence by KMP & their Relatives		
	M/s J J Sons	7.58	1.02
	M/s J J Enterprises	15.56	33.03
	Kiran Industries Pvt. Ltd.	-	25.57
	Thakurdas & Co. Pvt. Ltd.	6.16	6.16
		29.29	**65.78**
	Associate Concerns		
	Reach Industries Pvt. Ltd.	2.80	8.46

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

37 Financial instruments

I. Fair value measurements

A. Financial instruments by category

	As at March 31, 2020		As at March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Investments	0.02	-	4.07	-
Trade receivables	-	1,578.51	-	2,744.59
Cash and cash equivalents	-	142.76	-	55.89
Others				
Non Current	-	202.74	-	197.58
Current	-	775.77	-	1,175.95
	0.02	**2,699.78**	**4.07**	**4,174.01**
Financial liabilities				
Long term borrowings	-	1,082.81	-	2,006.73
Short terms borrowings	-	1,578.81	-	1,846.48
Trade payables	-	2,181.49	-	3,022.90
Other non-current financial liabilities		67.88		-
Other current financial liabilities	-	1,545.98	-	2,582.34
	-	**6,456.97**	**-**	**9,458.45**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements:

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets	0.02	-	-	0.02
Financial liabilities	-	-	-	-
	0.02	-	-	0.02

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

C. Fair value of financial assets and liabilities measured at amortised cost:

	As at March 31, 2020		As at March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Trade receivables	-	1,578.51	-	2,744.59
Cash and cash equivalents	-	142.76	-	55.89
Others				
Non Current	-	202.74	-	197.58
Current	-	775.77	-	1,175.95
	-	**2,699.78**	**-**	**4,174.01**
Financial liabilities				
Long term borrowings	-	1,082.81	-	2,006.73
Short terms borrowings	-	1,578.81	-	1,846.48
Trade payables	-	2,181.49	-	3,022.90
Other non-current financial liabilities	-	67.88	-	-
Other current financial liabilities	-	1,545.98	-	2,582.34
	-	**6,456.97**	**-**	**9,458.45**

The carrying amounts of the abovementioned financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:- credit risk;- liquidity risk; and- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the President of the Company.

More than 60 % of the Company's customers have been transacting with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of credit loss allowances of trade receivables is ₹1,578.51 (March 31, 2019 – ₹2,744.59).

Reconciliation of loss allowance provision - Trade receivables:

	As at March 31, 2020	As at March 31, 2019
Opening balance	(949.65)	(934.54)
Changes in loss allowance	(22.71)	(15.11)
Closing balance	**(972.36)**	**(949.65)**

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts March 31, 2020	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	2,497.07	2,497.07	707.13	1,075.30	714.64	-
Short term borrowings	1,578.81	1,578.81	1,578.81	-	-	-
Trade payables	2,181.49	2,181.49	2,181.49	-	-	-
Other non-current financial liabilities	67.88	67.88	-	67.88		
Other current financial liabilities	838.85	838.85	838.85	-	-	-
Total non-derivative liabilities	**7,164.10**	**7,164.10**	**5,306.28**	**1,143.18**	**714.64**	**-**

Particulars	Carrying Amounts March 31, 2020	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,712.27	3,712.27	1,705.54	1,654.34	352.39	-
Short term borrowings	1,846.48	1,846.48	1,846.48	-	-	-
Trade payables	3,022.90	3,022.90	3,022.90	-	-	-
Other non-current financial liabilities	-	-	-	-	-	-
Other current financial liabilities	876.80	876.80	876.80	-	-	-
Total non-derivative liabilities	**9,458.45**	**9,458.45**	**7,451.72**	**1,654.34**	**352.39**	**-**

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for liquidity / credit management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives like forward contracts to manage market risks on account of foreign exchange. All such transactions are carried out within the guidelines set by the Board of Directors.

v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

Currency risks related to the principal amounts of the Company's foreign currency payables, have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	As at March 31, 2020		As at March 31, 2019	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	1.92	0.33	10.12	-
Other payables	0.24	-	0.60	1.70
Net statement of financial position exposure	**2.16**	**0.33**	**10.72**	**1.70**

The following significant exchange rates have been applied

	Average Rates		Year end spot rates	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD 1	70.67	65.05	75.32	69.17
EUR 1	86.92	78.74	83.09	77.70

Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2020 and March 31, 2019, the Company's borrowings at variable rate were denominated in Indian Rupees.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	Nominal Amount	
	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial liabilities	1,884.06	3,963.26
	1,884.06	**3,963.26**
Variable-rate instruments		
Financial liabilities	1,484.69	1,639.93
	1,484.69	**1,639.93**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2020				
Variable-rate instruments	7.42	(7.42)	7.42	(7.42)
Cash flow sensitivity	**7.42**	**(7.42)**	**7.42**	**(7.42)**
March 31, 2019				
Variable-rate instruments	8.20	(8.20)	8.20	(8.20)
Cash flow sensitivity	**8.20**	**(8.20)**	**8.20**	**(8.20)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

38 a. Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

b. 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.

c. Some of the fixed deposits and bank accounts are subject to confirmations though reconciled with available bank statements.

39 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed. The Company has not incurred expenditure on CSR during the year as it is not applicable to the Company during the year.

40 Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. “Textile” and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of ‘Segment Reporting’ is not considered applicable.

41 Capital management

The Company’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

Particulars	**March 31, 2020**	March 31, 2019
Equity Share Capital	2,494.79	2,494.79
Other Equity	6,543.43	5,729.47
Total Equity	9,038.22	8,224.26
Non-Current Borrowings	1,082.81	2,006.73
Current maturities of Non-Current Borrowings	707.13	1,705.54
Current Borrowings	1,578.81	1,846.48
Total Debts	3,368.75	5,558.75
Less: Cash & Cash Equivalents	142.76	55.89
Net Debts	3,225.99	5,502.86
Capital & Net Debts	12,264.21	13,727.12
Debts Equity Ratio	0.37	0.68
Capital Gearing Ratio	26%	40%

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

42 Other Disclosures

a. Disclosure as specified in Schedule V of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015:

Particulars	Balance as at March 31, 2020	Maximum outstanding of loan during the year
Hakoba Lifestyle Limited	195.40	256.18
	(254.43)	(254.43)
Pioneer Realty Limited	2.59	2.58
	(2.22)	(2.22)

Previous year figures have been given in bracket.

b. Disclosure relating to loans or security given by the Company as per requirements of section 186 (4) to the Companies Act, 2013:

Particulars	Amount	Purpose
Hakoba Lifestyle Limited	484.63	Investment in Equity Shares
Pioneer Realty Limited	5.00	
Crystal lace (I) Limited	440.00	
Hakoba Lifestyle Limited	195.40	ICD given for business
Pioneer Realty Limited	2.59	

43 Earning per Equity Share

Particulars	March 31, 2020	March 31, 2029
Net Profit for the year	827.92	413.13
Weighted Average Number of Equity Shares of ₹10 each (fully paid-up)	2,49,47,942	2,44,31,342
- Basic (₹)	3.32	1.69
- Diluted (₹)	3.32	1.66

44 On account of the outbreak of Covid-19 virus globally and in India, the Government of India had imposed a complete nation-wide lockdown on March 24, 2020 leading to shutting down of the Company's manufacturing facilities and operations. The Company has since resumed its manufacturing facilities after seeking necessary permissions and capacity utilization is being gradually increased. Though the Company's operations have been affected in the short term, the management believes that there may not be significant impact of Covid -19 pandemic on the financial position and performance of the Company in the long-term. The Company estimates to recover the carrying amount of all its assets including inventories, receivables and loans in the ordinary course of business based on currently-available information. However, if the pandemic persists, and if there are further material changes on account of its severity or duration, Company's estimates will be reviewed in due course.

45 Previous year figure have been regrouped / reclassified to conform to current years classifications.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Pioneer Embroideries Limited,

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pioneer Embroideries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31st March, 2020, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated Cash Flow Statement for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March, 2020, of consolidated profit, (consolidated changes in equity) and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit Addressed the key audit matter
Revenue Recognition (As described in note 2.13 of the Standalone Financial Statements): The revenue recognition by the Company is on satisfaction of performance obligation upon transfer of control of products to customers at an amount that reflects the consideration to which the Company expects to be entitled as sales value for those products. Revenue from sale of goods is recognized net of discounts, volume rebates, sales return and taxes. Certain terms in sales arrangement relating to timing of transfer of risk and rewards, discounts, rebates, delivery specifications, involves significant judgement in determining whether the revenue is recognized in the correct period.	• Performed checks to understand the adequacy and the design of the revenue cycle for all significant components. Tested control in the revenue and trade account receivable cycle over the accuracy and timing of revenue accounted in the financial statements. • Considered the appropriateness of the Company's revenue recognition accounting policies. • Performed tests of details, on a sample basis, and verified the underlying sales orders, invoice copies, terms of delivery, motor receipts, bill of lading to assess whether revenue recorded is as per the contract. • Tested sales transactions around year-end date ensuring revenues were recognized in the correct accounting period. • Verified that the revenue for the year are appropriately presented and disclosed in the financial statements.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statement that give a true and fair view of the consolidated financial position, consolidated financial performance, total consolidated comprehensive income, changes in consolidated equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group 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; 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 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the three entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/ financial information of the three subsidiaries whose financial statements/ financial information (before eliminating inter Company balances) reflect total assets of ₹2309.45 lakh and net assets of ₹627.31 lakh as at 31st March, 2020, total revenues (before eliminating inter Company transactions) of ₹130.22 lakh and net cash flow amounting to ₹0.81 lakh 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 in respect of this subsidiaries, and our report in terms of sub-sections (3) and (11) of Section143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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 auditors and the financial statement/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 197(16) of the Act, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statement and other financial information of the subsidiaries, 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 financial 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 Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of 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 of pending litigations on the consolidated financial position of the Group;

      ii. the Group 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 Group.

For **S.K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

RAHUL NAREDI
Partner
Membership Number: 302632

Place: Mumbai
Date: 29th June, 2020

Annexure "A" to the Independent Auditors' 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 Holding Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Pioneer Embroideries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiaries covered under the Act, are responsible for establishing and maintaining internal financial controls based on 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 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 ICAI. 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 report 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 and its subsidiaries, 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 31st March, 2020, 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.

Other Matters

Our aforesaid reports 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 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such entity incorporated in India.

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 **S.K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

RAHUL NAREDI
Partner
Membership Number: 302632

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Non-Current Assets			
Property, Plant & Equipments	3A	8,352.67	9,295.86
Capital Work- in- Progress	3B	24.51	180.58
Other Intangible Assets	3C	32.52	39.23
Right of Use Assets	3D	128.25	-
Financial Assets			
(i) Investments	4	0.02	4.07
(ii) Other Non-Current Financial Assets	5	209.82	218.50
Other Non Current Assets	6	148.55	23.37
2 Current Assets			
Inventories	7	3,760.64	3,499.65
Financial Assets			
(i) Trade Receivables	8	1,899.74	3,025.32
(ii) Cash and Cash Equivalents	9	144.88	57.19
(iii) Other Current Financial Assets	10	1,127.64	1,484.15
Current Tax Assets (Net)	11	120.84	119.22
Other Current Assets	12	512.93	782.47
Assets held for sale	13	803.86	827.46
		17,266.87	**19,557.07**
II EQUITY AND LIABILITIES			
1 Equity			
Equity Share Capital	14	2,494.79	2,494.79
Other Equity	15	6,106.08	5,298.90
Non Controlling Interest		135.04	150.86
2 Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	16	1,264.70	2,188.63
(ii) Lease Liability	17	67.88	-
Provisions	18	461.30	404.20
3 Current Liabilities			
Financial Liabilities			
(i) Borrowings	19	1,578.81	1,846.48
(ii) Lease Liability	20	42.15	-
(iii) Trade Payables	21		
a) Outstanding Dues of Micro Enterprises and Small Enterprises		262.66	273.69
b) Outstanding Dues other than Micro Enterprises and Small Enterprises		2,080.42	2,944.07
(iv) Other Current Financial Liabilities	22	1,505.12	2,583.61
Provisions	23	18.55	13.19
Other Current Liabilities	24	1,249.37	1,358.65
		17,266.87	**19,557.07**

Significant Accounting Policies and other Notes to Consolidated Financial Statements. 1-46
The accompanying Notes are an integral part of the Consolidated Financial Statements.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue			
Revenue from Operations	25	23,837.16	27,396.70
Other Income	26	191.45	206.65
Total Revenue		**24,028.61**	**27,603.35**
Expenses			
Cost of Materials Consumed	27	13,048.55	15,786.08
Purchases of Stock-in-Trade		246.93	348.48
Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress	28	79.17	65.35
Employee Benefits Expense	29	3,201.88	3,403.15
Finance Costs	30	613.94	764.66
Depreciation and Amortization Expenses	3	871.21	874.15
Other Expenses	31	5,357.43	5,850.79
Total Expenses		**23,419.11**	**27,092.66**
Profit before Exceptional and Extraordinary Items and Tax		**609.50**	**510.69**
Exceptional Items - Income/(Loss) (Net)	32	219.43	(110.02)
Profit before Tax		**828.93**	**400.67**
Tax Expenses			
Current Tax		-	-
Profit from Continuing Operations before Tax		**828.93**	**400.67**
Other Income from Discontinuing Operations		-	-
Expenses on Discontinuing Operations		-	-
Depreciation and Amortisation Expense		23.61	23.61
Profit/(Loss) from Discontinuing Operations		**(23.61)**	**(23.61)**
Profit for the year (A)		**805.32**	**377.06**
Other Comprehensive Income			
Items that will not reclassified to Statement of Profit and Loss (Net of Tax)		(13.96)	16.34
Other Comprehensive Income for the year (B)		**(13.96)**	**16.34**
Total Comprehensive Income for the year (A+B)		**791.36**	**393.40**
Profit / (Loss) for the year attributable to:			
Owners of the Company		821.14	396.06
Non controlling interests		(15.82)	(19.00)
Other Comprehensive Income attributable to:			
Owners of the Company		(13.96)	16.34
Non controlling interests		-	-
Total Comprehensive Income attributable to:			
Owners of the Company		807.18	412.40
Non controlling interests		(15.82)	(19.00)
Earning per Equity Share of ₹10 each:	**44**		
(1) Basic (₹)		3.23	1.54
(2) Diluted (₹)		3.23	1.51

Significant Accounting Policies and other Notes to Consolidated Financial Statements. 1-46
The accompanying Notes are an integral part of the Consolidated Financial Statements.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

		For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash Flow From Operating Activities :**		
	Net Profit before Extraordinary Items and Tax	828.93	400.67
	Adjustment for :		
	Depreciation and Amortisation Expense	871.21	874.15
	Loss/(Profit) on sale/discard of Property, Plant and Equipment (net)	19.40	2.21
	Profit from sale of Non Core Assets	(219.43)	-
	Interest Income	(17.57)	(20.71)
	Finance Costs	613.94	764.66
	Allowances for Credit Losses	22.71	15.11
	Liabilities/Provisions no longer required written back	(44.35)	-
	Operating Profit before Working Capital Changes	**2,074.84**	**2,036.09**
	Changes in Working Capital:		
	Adjustments for :		
	Decrease/(Increase) in Inventories	(260.99)	78.66
	Decrease/(Increase) in Trade and Other Receivables	1,737.60	(254.45)
	Increase/(Decrease) in Trade and Other Payables	(987.07)	80.33
	Cash generated from Operation	**2,564.38**	**1,940.64**
	Net Income Tax (paid) / refunds	(1.62)	3.54
	Net Cash from Operating Activities	**2,562.76**	**1,944.18**
B.	**Cash Flow From Investing Activities :**		
	Purchases of Property, Plant and Equipments and Intangible Assets (including capital advance)	(228.53)	(475.94)
	Proceeds from sales of Property, Plant & Equipments (net of Advance)	521.84	14.31
	Proceeds from Long Term Investments	4.05	-
	Interest Received	17.57	20.71
	Net Cash from / (used) in Investing Activities	**314.93**	**(440.92)**
C.	**Cash Flow From Financing Activities :**		
	Proceeds from Non-Current Borrowing	267.34	332.46
	Repayment of Non-Current Borrowing	(2,189.67)	(1,406.88)
	Net increase / (decrease) in Current Borrowings	(267.67)	255.00
	Payment of Lease Liability	5.40	-
	Finance Costs	(605.39)	(775.13)
	Net Cash used in Financing Activities	**(2,789.99)**	**(1,594.55)**
	Net increase / (decrease) in cash and Cash Equivalents (A+B+C)	**87.70**	**(91.29)**
	Add: Opening Cash and Cash Equivalent	57.19	148.48
	Closing Cash and Cash Equivalent	**144.88**	**57.19**

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

(a) Equity Share Capital :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	2,49,47,942	2,494.80	2,41,17,242	2,411.73
Changes in Equity Share Capital during the year	25,68,191	256.82	8,30,700	83.07
Balance at the end of the year	**2,75,16,133**	**2,751.62**	**2,49,47,942**	**2,494.80**

(b) Other Equity :

Particulars	Reserves and Surplus					9% Optionally Convertible Cumulative Redeemable Preference Shares	Total
	Security Premium Reserve	Revaluation Reserve	Retained Earnings	Remeasurement of Defined Benefit Plans	Non Controlling Interest		
Balance at April 01, 2018	**3,551.85**	**363.61**	**717.72**	**53.41**	**154.21**	**298.62**	**5,139.42**
Profit for the year	-	-	396.06	-	(19.00)	-	377.06
Other Comprehensive Income for the year	-	-	-	16.34	-	-	16.34
Total Comprehensive Income for the year	**-**	**-**	**396.06**	**16.34**	**(19.00)**	**-**	**393.40**
On issuance of Equity Shares	215.56	-	-	-	-	-	215.56
Redeemed during the year	-	-	-	-	-	(298.62)	(298.62)
Charged during the year	-	-	15.65	-	(15.65)	-	-
Balance at March 31, 2019	**3,767.41**	**363.61**	**1,098.13**	**69.75**	**150.86**	**-**	**5,449.76**
Profit / (Loss) for the year	-	-	821.14	-	(15.82)	-	805.32
Transfer to Retained earnings	-	-	69.75	(69.75)	-	-	-
Other Comprehensive Income for the year	-	-	(13.96)	-	-	-	(13.96)
Redeemed during the year							
Total comprehensive income for the year	**-**		**876.93**	**(69.75)**	**(15.82)**	**-**	**791.36**
Balance at March 31, 2020	**3,767.41**	**363.61**	**1,975.06**	**-**	**135.04**	**-**	**6,241.12**

Securities Premium Reserve: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained earnings - Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders, if any.

The accompanying Notes are an integral part of the Consolidated Financial Statements.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Place: Mumbai
Date: 29th June, 2020

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Reporting Entity

The Consolidated Financial Statements comprise financial statements of Pioneer Embroideries Limited ("the Company") and its subsidiaries (collectively, "the Group") for the year ended March 31, 2018. The Company is a public company domiciled in India and having registered office at Unit 101B, 1st Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai-400 058. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange.

The Group is a manufacturer of Dope Dyed Polyester Yarn (DDPY), Embroidery & Lace Products. It has four manufacturing units located at Kala-amb (Himachal Pradesh) for DDPY and Sarigam (Gujarat), Naroli (Daman & Nagar Haveli), Coimbatore (Tamilnadu) for Embroidery and Laces.

These financial statements were authorised for issue by the Board of Directors in their meeting held on 29th June, 2020.

2 Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the Consolidated Financial Statements.

2.1 Basis of Preparation

The Consolidated Financial Statements of the Group comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other accounting principles generally accepted in India.

Accounting Policies have been consistently applied except where a newly issued accounting standards is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Appropriate adjustments for deferred taxes are made for temporary differences that arise from the elimination of unrealised profits and losses from intra group transactions or undistributed earnings of Group's entity included in consolidated profit and loss, if any.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, 'Income Taxes' and Ind AS 19, 'Employee Benefits', respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention on accrual basis and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Functional and Presentation Currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Group's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

2.4 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Useful life and residual value of Property, Plant and Equipment;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

2.5 Classification of Assets and Liabilities as Current and Non-Current

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and Cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

2.6 Property, Plant and Equipment (Fixed Assets)

Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss , if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation on property, plant & equipment is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Right of use assets is amortised over the lease period or estimated useful life whichever is less. Additions on rented premises are being amortised over the period of rent agreement.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below ` 5,000 are fully depreciated in the year of purchase.

Capital work-in-progress

Expenditure incurred during the construction period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

2.7 Intangible Assets

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 10 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.8 Non-current Assets held for Sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.9 Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.11 Foreign Currency Transactions

Transactions in foreign currencies are recorded by the Group at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.12 Employee Benefits

Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yield of government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other equity and will not be reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

• net interest expense or income; and

• remeasurement

The Group presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Other long-term employee benefits

The Group has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

2.13 Revenue Recognition

The Group recognises revenue from sale of goods when;
i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
iii) the amount of revenue can be measured reliably;
iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc. Sales exclude Goods and Services Tax.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

Dividends are recognised at the time the right to receive payment is established.

2.14 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials and stores & spare parts is computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

2.15 Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.16 Measurement of Fair Value

a) Financial instruments

The estimated fair value of the Group's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b) Marketable and non-marketable equity securities

Fair value for quoted securities is based on quoted market prices as of the reporting date. Fair value for unquoted securities is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

2.17 Financial Instruments

a. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Financial assets at fair value through profit and loss (FVTPL)

Any Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Group may elect to classify a Financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Group applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

b. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2.18 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Group:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In view uncertainty to have taxable income in immediate future as prudent, no defer tax assets are recognised for the year.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and included in deferred tax assets. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

2.19 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

Lease Liability

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

  The lease liability is presented as a separate line in the Balance Sheet.

  The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

  The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are not presented as a separate line in the Balance Sheet but presented below similar owned assets as a separate line in the PPE note under “Notes forming part of the Financial Statement”.

The Group applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on ‘property, plant and equipment’.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company. The Business activity of the Group falls within one business segment viz “Textile”.

2.22 Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3A. Property, Plant and Equipment

(₹ in lakhs)

Particulars	Tangible Assets										Leasehold Assets	
	Freehold land	Buildings	Plant and Equipment	Vehicles	Furniture and Fixtures	Office Equipment	Computers	Electrical Installations	Borewell	Total	Leasehold land	Total
Cost												
As at 1st April, 2018	**392.29**	**3,079.25**	**6,984.96**	**93.85**	**50.06**	**21.22**	**53.72**	**489.21**	**0.07**	**11,164.63**	**24.81**	**11,189.44**
Additions	-	46.99	549.72	16.53	7.68	4.71	3.22	4.38	0.29	633.52	-	633.52
Disposals	-	-	86.08	9.94	-	0.81	5.61	-	-	102.44	-	102.44
As at 31st March 2019	**392.29**	**3,126.24**	**7,448.60**	**100.44**	**57.74**	**25.12**	**51.33**	**493.59**	**0.36**	**11,695.71**	**24.81**	**11,720.52**
Additions	-	3.72	184.59	18.73	0.70	2.70	5.51	3.56	-	219.51	-	219.51
Disposals	66.60	160.06	212.75	6.99	0.34	-	0.35	4.45	-	451.54	-	451.54
Reclassification to Right of Use Assets											24.81	24.81
As at 31st March 2020	**325.69**	**2,969.90**	**7,420.44**	**112.18**	**58.10**	**27.82**	**56.49**	**492.70**	**0.36**	**11,463.68**	**-**	**11,463.68**
Depreciation												
As at 1st April, 2018	**-**	**271.12**	**1,090.79**	**26.72**	**30.83**	**9.64**	**21.67**	**194.32**	**0.07**	**1,645.16**	**0.60**	**1,645.76**
Additions	-	144.67	626.95	13.46	5.21	4.44	11.47	58.32	0.01	864.53	0.30	864.83
Deletions	-	-	69.86	9.65	-	0.81	5.61	-	-	85.93	-	85.93
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2019	**-**	**415.79**	**1,647.88**	**30.53**	**36.04**	**13.27**	**27.53**	**252.64**	**0.08**	**2,423.76**	**0.90**	**2,424.66**
For the year	-	138.58	593.57	14.54	3.28	5.30	10.06	51.59	0.06	816.97	-	816.97
Deletions	-	31.45	86.88	6.27	0.34	-	0.33	4.45	-	129.72	-	129.72
Reclassification to Right of Use Assets											0.90	0.90
As at 31st March 2020	**-**	**522.92**	**2,154.57**	**38.80**	**38.98**	**18.57**	**37.26**	**299.78**	**0.14**	**3,111.01**	**-**	**3,111.01**
Net block												
As at 31st March 2019	392.29	2,710.45	5,800.72	69.91	21.70	11.85	23.80	240.95	0.28	9,271.95	23.91	9,295.86
As at 31st March 2020	**325.69**	**2,446.99**	**5,265.87**	**73.38**	**19.12**	**9.25**	**19.23**	**192.92**	**0.22**	**8,352.67**	**-**	**8,352.67**

3B. Capital Work-in-Progress

As at 31st March 2019	180.58
As at 31st March 2020	**24.51**

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3C. Intangible Assets

(₹ in lakhs)

Particulars	Computer Software	Hakoba Brand	Total
Cost			
As at 1st April, 2018	**68.00**	**0.05**	**68.05**
Additions	-	-	-
Disposals	-	-	-
As at 31st March 2019	**68.00**	**0.05**	**68.05**
Additions	-	-	-
Disposals	-	-	-
As at 31st March 2020	**68.00**	**0.05**	**68.05**
Depreciation			
As at 1st April, 2018	**19.50**	**-**	**19.50**
Additions	9.32	-	9.32
Deletions	-	-	-
As at 31st March 2019	**28.82**	**-**	**28.82**
For the year	6.71	-	6.71
Deletions	-	-	-
As at 31st March 2020	**35.53**	**-**	**35.53**
Net block			
As at 31st March 2019	39.18	0.05	39.23
As at 31st March 2020	**32.47**	**0.05**	**32.52**

3D. Right of use Assets (Refer Note 34)

Particulars	Leasehold Land	Leased Property	Total
Cost			
Reclassification from Property, Plant & Equipment	24.81	-	24.81
Additions as per IND AS 116 (Lease)	-	151.87	151.87
Disposals	-	-	-
As at 31st March 2020	**24.81**	**151.87**	**176.68**
Amortisation			
Reclassification from Property, Plant & Equipment	0.90		0.90
For the year	0.29	47.24	47.53
Deletions	-	-	-
As at 31st March 2020	**1.19**	**47.24**	**48.43**
Net block			
As at 31st March 2019	-	-	-
As at 31st March 2020	**23.62**	**104.63**	**128.25**

3.1 a) Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.
b) Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.
c) Property, Plant and Equipment given as security for borrowings (Refer note 16 & 19).
d) Capital Work in progress includes a sum of ₹24.51 spent for ongoing expansion at Kala-amb unit.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

4 Non- Current Investment

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2020 Amount	As at March 31, 2019 Number of shares	As at March 31, 2019 Amount
Quoted Investments				
In Other Entities (measured at fair value through profit and loss)				
RLF Limited	1,000	0.00	1,000	0.00
(Equity shares of Face Value of ₹10 each)				
(Cost ₹0.06 less provision made ₹0.06)				
Padmini Technologies Limited (listing suspended)	68,939	0.00	68,939	0.00
(Equity shares of Face Value of ₹10 each)				
(Cost ₹17.56 less provision made ₹17.56)				
Unquoted Investments				
In Other Entities				
The Greater Bombay Co-op. Bank Limited	40	0.01	40	0.01
(Equity shares of Face Value of ₹25 each)				
Clover Energy Private Limited	40	0.01	40,550	4.06
(Equity shares of Face Value of ₹10 each)				
	70,019	**0.02**	**1,10,529**	**4.07**

a. None of the above investments are listed on any stock exchange in India or outside India.

b. Aggregate amount of investments are given below:

	As at March 31, 2020	As at March 31, 2019
Aggregate cost of unquoted investments	17.64	21.69
Aggregated amount of impairment in value of investment	17.62	17.62

Particulars	As at March 31, 2020	As at March 31, 2019
5 Other Non-Current Financial Assets		
Unsecured, considered good		
Security Deposits	152.35	149.80
Fixed Deposit and NSC in Banks with more than 12 months maturity	57.47	68.70
	209.82	**218.50**
6 Other Non- Current Assets		
Unsecured, considered good		
Capital Advances	148.55	23.37
	148.55	**23.37**

6.1 Capital advance of ₹148.55 (₹23.27) has been given towards advance against purchase of a property and advance to suppliers of plant & machineries at Dope Dyed Yarn unit at Kala-amb.

Particulars	As at March 31, 2020	As at March 31, 2019
7 Inventories		
(Valued at lower of cost or net realisable value as certified by Management)		
Raw Materials	845.79	583.28
Work-in-Progress	537.84	527.81
Finished Goods	2,166.19	2,255.39
Store & Spares	159.22	91.36
Packing Material	51.60	41.80
	3,760.64	**3,499.65**

7.1 Inventories are hypothecated to secure borrowings. (Refer Note 16 & 19)

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
8	**Trade Receivables**		
	Unsecured		
	Considered Good	1,889.91	2,949.60
	Having significant increase in credit risks	195.48	238.66
	Considered Doubtful/Bad	809.88	809.87
		2,895.27	3,998.13
	Less: Allowance for Credit Losses	(995.53)	(972.81)
		1,899.74	**3,025.32**

8.1 Trade receivables include outstanding from related party enterprise of ₹30.42 (₹66.96) and Associate Concern ₹2.80 (₹8.46).

8.2 Trade Receivables are hypothecated to secure borrowings. (Refer Note 16 & 19)

9	**Cash & Cash Equivalents**		
	Balances with Banks - In Current Accounts	126.72	44.86
	Cash in hand	18.16	12.33
		144.88	**57.19**
10	**Other Current Financial Assets**		
	Unsecured, considered good		
	Other Loans and Advances		
	Related Party		
	Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.)	549.85	564.85
	Others		
	Loan & Advance to Staff	22.32	23.67
	Advances to Arcot Textile Mills Ltd. (Refer Note 10.1)	549.10	895.63
	Insurance Claim Receivables	6.37	-
		1,127.64	**1,484.15**

10.1 Advances to Arcot Textile Mills Limited (ATML) (then a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹1,105.00 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, ₹555.90 has been returned by ATML till March 31, 2020.

11	**Current Tax Assets (Net)**		
	Income Tax Refund Receivable (net)	120.84	119.22
		120.84	**119.22**

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
12	**Other Current Assets**		
	Unsecured, considered good		
	Advances recoverable in cash or in kind	290.92	322.86
	Prepaid Expenses	45.85	39.87
	Accrued Export and Other Incentives	39.45	53.01
	Other Advances and Balances	136.71	366.73
		512.93	**782.47**
13	**Assets held for sale**		
	Leasehold Land	695.66	705.75
	Building	108.20	121.71
		803.86	**827.46**

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Number of shares	Amount	Number of shares	Amount
14	**Share Capital**				
	Authorised				
	Equity Shares of ₹10 each	5,00,00,000	5,000.00	3,30,00,000	3,300.00
	Preference Shares of ₹10 each	-	-	1,70,00,000	1,700.00
		5,00,00,000	**5,000.00**	**5,00,00,000**	**5,000.00**
	Issued, Subscribed & Paid up				
	Equity Shares of ₹10 each	2,49,47,942	2,494.79	2,49,47,942	2,494.79
		2,49,47,942	**2,494.79**	**2,49,47,942**	**2,494.79**
	Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the financial year:				
	As at the beginning of the financial year	2,49,47,942	2,494.80	2,41,17,242	2,411.73
	Add: Issued during the year	-	-	8,30,700	83.07
	As at the end of the financial year	**2,49,47,942**	**2,494.80**	**2,49,47,942**	**2,494.80**

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.

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of	Number of shares held	% holding in that class of
Pioneer E-Com Fashions LLP	45,01,726	18.04	45,01,726	18.04
Raj Kumar Sekhani	19,24,760	7.72	20,63,760	8.27
Anand Sekhani	15,00,500	6.01	15,00,500	6.01
Amit Sekhani	15,00,000	6.01	15,00,000	6.01
Union Bank of India	12,91,183	5.18	12,91,183	5.18
Export Import Bank of India	12,59,028	5.05	12,59,028	5.05

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
15	**Other Equity**		
	Share Premium Reserve		
	Opening Balance	3,767.41	3,551.85
	Add: During the year	-	215.56
	Balance as at the end of the year	**3,767.41**	**3,767.41**
	Revaluation Reserve		
	Opening Balance	363.61	363.61
	Add: During the year	-	-
	Balance as at the end of the year	**363.61**	**363.61**
	Retained Earnings		
	Opening Balance	1,098.13	717.72
	Transfer from Other Comprehensive Income (Remeasurement of defined benefit Plans)	69.75	-
	Add: Other Comprehensive income (including tax thereon)	(13.96)	-
	Add: Profit for the year	821.14	396.06
	Less: Tfr to NCI	-	15.65
	Balance as at the end of the year	**1,975.06**	**1,098.13**
	Other Comprehensive Income		
	Opening Balance	69.75	53.41
	Add : On Gratuity for the year	-	16.34
	Less: Transfer to Retained Earning	(69.75)	-
		-	69.75
	Non-Controlling Interest	135.04	150.86
		135.04	**150.86**
		6,241.12	5,449.76

Nature and purpose of other reserves/ other equity

Securities Premium

This Reserve represents premium received on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings

Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

	Particulars	As at March 31, 2020	As at March 31, 2019
16	**Non-Current Financial Liabilities -Borrowings**		
	Secured Loans		
	Term Loans from Banks/Institutions	1,661.27	3,583.61
	Loan from Others	128.66	128.66
	Unsecured Loans		
	Related Party	1.90	1.90
	Others	180.00	180.00
		1,971.83	**3,894.17**
	Current Maturity of Borrowings disclosed under the head "Other Financial Liabilities" (Refer Note 22)	707.13	1,705.54
		1,264.70	**2,188.63**

16.1 Term Loans from bank of ₹1,627.73 are secured by first pari passu charge over fixed assets of the Company both present & future with other term lenders and are further secured by second charge over current assets of the Company, by personal guarantee of Chairman of the Company and pledge of company's certain shares by promoter and promoter group firms.

Out of these loan, i) ₹1,377.73 is repayable in monthly instalments ending July 2022 and carries interest @13% p.a..; ii) ₹250.00 is repayable in monthly instalments ending March 2022 and carries interest @22% p.a.

16.2 Term Loan from Banks of ₹33.54 are secured by hypothecation of respective vehicles financed.

16.3 Term Loan from others of ₹128.66 is secured by assignment of Keyman Insurance Policy and carries interest @9.5%.

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

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
17	**Lease Liability**		
	Finance lease obligations	110.03	-
		110.03	**-**
	Current Maturity of Lease (Refer Note 20)	(42.15)	-
		67.88	**-**
18	**Long Term Provisions**		
	Provision for Employee Benefits	461.30	404.20
		461.30	**404.20**
19	**Current Financial Liabilities -Borrowings**		
	Secured		
	Loans Repayable on Demand		
	Cash Credit from Bank	1,484.70	1,508.13
		1,484.70	**1,508.13**
	Unsecured		
	Short Term Loans Repayable on Demand		
	Inter Corporate Deposits	-	206.08
	Loans From Related Party		
	From Directors	94.11	132.27
		94.11	**338.35**
		1,578.81	**1,846.48**

19.1 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 Pioneer E-com Fashions LLP, a promoter group firm, and personal guarantee of the Chairman of the Company.

20	**Lease Liability**		
	Lease obligations	42.15	-
		42.15	**-**
21	**Trade Payables**		
	For Goods and Services		
	Total outstanding dues of micro enterprises and small enterprises	262.66	273.69
	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,080.42	2,944.07
		2,343.08	**3,217.76**

21.1 Trade Payables include outstanding to a related enterprise of ₹32.98 (₹74.77).

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
21.2	Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:		
	a. Principal amount and Interest due thereon remaining unpaid to any supplier at the end of year	64.40	95.34
	b. Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day	-	-
	c. the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	d. the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
	e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act	-	-
22	**Other Current Financial Liabilities**		
	Current maturities of Long Term Debt (Refer Note 16)	707.14	1,705.54
	Interest accrued	28.42	19.88
	Capital Creditors	69.86	62.53
	Employees Emoluments	557.48	579.23
	Statutory Dues	38.18	59.45
	Others	104.04	156.98
		1,505.12	**2,583.61**
23	**Short Term Provisions**		
	Provision For Employee Benefits	18.55	13.19
		18.55	**13.19**
24	**Other Current Liabilities**		
	Customers' Credit Balances and Advances against orders	199.37	284.89
	Advance Against Property	1,050.00	1,050.00
	Others	-	23.76
		1,249.37	**1,358.65**

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	For the year ended March 31 2020	For the year ended March 31 2019
25	**Revenue From Operations**		
	Sale of Products - Yarn, Embroidery Fabric & Laces		
	Domestic Sales	20,246.39	21,249.02
	Export Sales	3,539.85	6,044.96
	Other Operating Revenue (Including Export Incentives)	50.92	102.72
		23,837.16	**27,396.70**
25.1	Sales include sales made to related enterprises ₹33.96 (₹277.51).		
26	**Other Income**		
	Interest Income	17.57	20.71
	Liabilities/Provisions no longer required written back	44.35	-
	Gain on Foreign Currency transactions and translation (Net)	62.18	114.66
	Miscellaneous Income	67.35	71.28
		191.45	**206.65**
27	**Cost Of Material Consumed**		
	Cost of Raw Material Consumed		
	Opening Stock	583.28	621.85
	Purchases during the year	13,311.06	15,747.51
		13,894.34	**16,369.36**
	Less:- Closing Stock	845.79	583.28
		13,048.55	**15,786.08**
27.1	Purchases includes from related enterprises ₹38.63 (₹65.00).		
28	**Change In Inventories**		
	Opening Inventories		
	Work-in-Progress	527.81	583.84
	Finished Goods	2,255.39	2,264.72
		2,783.20	**2,848.56**
	Less: Closing Inventories		
	Work-in-Progress	537.84	527.81
	Finished Goods	2,166.19	2,255.40
		2,704.03	**2,783.21**
		79.17	**65.35**
29	**Employee Benefits Expense**		
	Salaries, Wages and Incentives	3,022.82	3,204.59
	Contribution to Funds	108.31	110.28
	Staff Welfare Expenses	70.75	88.28
		3,201.88	**3,403.15**
30	**Finance Cost**		
	Interest expense	540.92	661.03
	Other Borrowing Costs	27.81	19.83
	Fair value changes of interest free loans	44.43	85.26
	Net Gain/Loss on Foreign Currency Transactions and Translation (Considered as finance costs)	0.78	(1.46)
		613.94	**764.66**

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	For the year ended March 31 2020	For the year ended March 31 2019
31	**Other Expenses**		
	Stores & Spares Consumed	425.01	429.27
	Repair & Maintenance	143.92	151.82
	Power & Fuel	1,812.84	1,943.36
	Insurance	47.02	29.21
	Job Charges	327.38	480.71
	Legal & Professional Fees	83.98	102.19
	Packing Material Consumed	1,194.15	1,188.94
	Payment to Auditors*	12.22	12.17
	Rates & Taxes	24.31	37.53
	Rent	33.13	65.68
	Provision for Allowance of Credit Losses	22.71	15.11
	Loss on disposal of Property, Plant and Equipment (Net)	19.40	2.21
	Directors Sitting Fees	1.70	1.93
	Donations	0.06	0.10
	Expenditure incurred towards CSR activities	-	7.21
	Selling Expenses	786.51	951.82
	Miscellaneous Expenses	423.09	431.53
		5,357.43	**5,850.79**
	*** Details of payment to Auditors**		
	a) Statutory & Tax Audit	12.22	12.17
	b) for Taxation Matter	-	-
	c) for Other Services	-	-
		12.22	**12.17**

32 Exceptional Items

Exceptional item of ₹219.43 (₹NIL) represents profit from sale of non-core assets of the Company and ₹NIL (₹110.02) represent settlement of workers arrived with them towards sundry cases in Labour Court - Silvassa.

	Particulars	As at 31 March, 2020	As at 31 March, 2019
33	**Contingent liabilities, contingent assets and commitments**		
	A. Contingent liabilities (not provided for) in respect of:		
	1 Bank Guarantees Outstanding.	73.80	80.80
	2 Demand for Excise duty, being contested by the Company	33.58	33.58
	3 Demand for Income Tax, being contested by the Company	62.34	62.34
	4 Demand for Service Tax, being contested by the Company	123.85	123.85
	5 Sundry Cases in Labour Court and Industrial Court (Sarigam unit, Gujrat and Silvassa unit) *(quantum is not ascertainable)	N A*	N A*
	6 Custom Duty on Capital Goods and Raw Materials imported under Advance License / EPCG Scheme, against which export obligation is to be fulfilled.	1.62	64.70

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. The management believes that the Company has a strong chance of favourable decision in above cases, hence no further provision has been considered necessary.

B.	**Commitments**		
	Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances]	13.00	86.47

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

34 Transition to Ind AS 116

The Group has adopted Ind AS 116 "Leases", effective annual reporting period beginning April 1, 2019 and using modified retrospective approach, accordingly, the Group has not restated comparative information and there is no cumulative effect of initially applying this standard on opening balance of retained earnings as on April 1, 2019.

(A) The Group recognised ROU assets for the following asset categories:

ROU Assets Category	As at 1st April 2019
Leasehold Land	24.81
Building	151.87
Total	**176.68**

(B) The change in accounting policy affected in increase of right of use asset and lease liability by ₹151.87 and ₹110.03 lakhs respectively in balance sheet.

(C) The Group incurred ₹32.23 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets

(D) Practical expedients applied on initial application date i.e. April 1, 2019

(i) The Group has not reassessed whether a contract is or contains a lease at the date of initial application.

(ii) The Group has utilised the exemption provided for short term lease (less than one year) and leases for low value assets.

(iii) The Group has utilised hindsight in determining the lease terms if the contracts contained options to extend or terminate the lease.

(iv) Initial direct cost are excluded from the measurement of right of use assets at the date of initial application.

(v) The Group has relied on its assessment of whether leases are onerous.

(vi) The weighted average of Group's incremental borrowing rate applied to lease liabilities at the date of initial application was 13%

(vii) The Group has carried forward the amount of the finance lease assets (reclassified as ROU assets) and lease liability recognised under Ind AS 17 immediately before the date of initial application.

(viii) The Group has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as the date of initial application.

Particulars	**As at 31 March, 2020**	As at 31 March, 2019
35 Foreign exchange derivatives and exposures outstanding at the year-end:		
(a) Foreign Currency exposure not hedged by derivative instrument or otherwise :		
i. Receivable	172.18	735.40
ii. Payable	35.75	173.13
(b) Outstanding forward contracts to be hedge foreign currency exposure :	-	-

36 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund ₹83.88 (₹76.18).

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	March 31, 2020	March 31, 2019
Net defined benefit liability / (asset)	400.58	340.85
Liability for Gratuity		
Current	16.01	13.19
Non-Current	384.57	327.66

B. Movement in net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	March 31, 2020			March 31, 2019		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	340.85	-	340.85	298.40	-	298.40
Included in profit or loss						
Service costs	60.67	-	60.67	57.99	-	57.99
Interest cost / (income)	24.53	-	24.53	22.07	-	22.07
	85.20	**-**	**85.20**	**80.06**	**-**	**80.06**
Included in OCI						
Actuarial loss / (gain) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	42.50	-	42.50	1.39	-	1.39
- experience adjustment	(28.54)	-	(28.54)	(17.74)	-	(17.74)
	13.96	**-**	**13.96**	**(16.35)**	**-**	**(16.35)**
Other						
Contributions paid by the employer						
Benefits paid	(39.43)	-	(39.43)	(21.27)	-	(21.27)
	(39.43)	-	(39.43)	(21.27)	-	(21.27)
Balance as at 31 March	**400.58**	**-**	**400.58**	**340.84**	**-**	**340.84**

Particulars	March 31, 2020	March 31, 2019
C. Plan assets		
The Company has no plan assets.		
D. Actuarial assumptions		
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).		
Discount rate	**6.80%**	7.64%
Expected rate of future salary increase	**7.50%**	7.50%
Mortality	100% of IALM (2006 - 08)	

Assumptions regarding future mortality have been based on published statistics and mortality tables.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(350.75)	458.46	(298.59)	390.32
Expected rate of future salary increase (1% movement)	461.51	(351.89)	392.36	(299.28)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

A) Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.

B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

C) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumption in the valuation can impact the liabilities.

37 Related parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP) and their relatives	Mr. Raj Kumar Sekhani (Chairman) Mr. Harsh Vardhan Bassi (Managing Director) Mr. Gangadharan Kandam Rama Panicker (Executive Director) Mr. Joginder Kumar Baweja (Independent Director) Mr. Gopalkrishnan Sivaraman (Independent Director) Mrs. Sujata Chakravarthy (Independent Director) Mrs. Bimla Devi Sekhani Mr. Aarav Sekhani Mr. Vishal Sekhani Mr. Ratanlal Sekhani Mrs. Prachi Sekhani Mrs. Priyani Sekhani
ii. Enterprises having significant influence by KMP & their Relatives	M/s J J Sons M/s J J Enterprises Kiran Industries Pvt. Ltd. Thakurdas & Co. Pvt. Ltd. Kiran Texpro Pvt. Ltd.
iii. Associate Concerns	Pioneer E-Com Fashions LLP Reach Industries Pvt. Ltd.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

B Transactions with the above in the ordinary course of business

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sales		
Enterprises having significant influence by KMP & their Relatives		
M/s J J Sons	31.43	18.30
M/s J J Enterprises	5.66	10.74
Kiran Industries Pvt. Ltd.	(3.14)	247.48
Kiran Texpro Pvt. Ltd.	-	0.98
	33.96	**277.51**
Purchases		
Enterprises having significant influence by KMP & their Relatives		
M/s J J Enterprises	1.73	3.85
M/s J J Sons	0.79	-
Kiran Industries Pvt. Ltd.	23.67	19.02
Kiran Texpro Pvt. Ltd.	12.43	42.13
	38.63	**65.00**
Payment for Rent & Other Services		
Enterprises having significant influence by KMP & their Relatives		
Kiran Industries Pvt. Ltd.	7.08	7.08
Employee Benefit Expenses		
Key Managerial Personnel (KMP) and their relatives	188.88	185.22
Loans & Advances given /repaid		
Key Managerial Personnel (KMP) and their Relatives		
Mr. Raj Kumar Sekhani (Chairman)	50.57	-
Loans & Advances taken / recovered		
Key Managerial Personnel (KMP) and their Relatives		
Mr. Raj Kumar Sekhani (Chairman)	-	47.30
Mr. Harsh Vardhan Bassi (Managing Director)	12.40	7.02
	12.40	**54.32**
Guarantee taken		
Key Managerial Personnel (KMP) and their Relatives		
Mrs. Bimla Devi Sekhani	250.00	200.00
Associate Concerns		
Pioneer E-Com Fashions LLP	250.00	200.00

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

		For the year ended March 31, 2020	For the year ended March 31, 2019
C	**Outstanding balance at the year end**		
	Loans & Advances taken / recovered		
	Key Managerial Personnel (KMP) and their relatives		
	Mr. Raj Kumar Sekhani (Chairman)	12.74	63.31
	Mr. Harsh Vardhan Bassi (Managing Director)	81.37	68.97
		94.11	**132.28**
	Trade Payables & Other Liabilities		
	Enterprises having significant influence by KMP & their Relatives		
	M/s J J Sons	13.67	13.67
	M/s J J Enterprises	-	47.59
	Kiran Industries Pvt. Ltd.	16.65	3.87
	Kiran Texpro Pvt. Ltd.	2.66	9.64
		32.98	**74.77**
	Receivables		
	Enterprises having significant influence by KMP & their Relatives		
	M/s J J Sons	8.14	1.58
	M/s J J Enterprises	16.12	33.59
	Kiran Industries Pvt. Ltd.	-	25.57
	Thakurdas & Co. Pvt. Ltd.	6.16	6.16
		30.42	**66.90**
	Associate Concerns		
	Reach Industries Pvt. Ltd.	2.80	8.46
	Pioneer E-Com Fashions LLP	549.85	564.85
		552.65	**573.31**

38 Financial instruments

I. Fair value measurements

A. Financial instruments by category

	As at March 31, 2020		As at March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Investments	0.02	-	4.07	-
Trade receivables	-	1,899.74	-	3,025.32
Cash and cash equivalents	-	144.88	-	57.19
Others				
Non Current	-	209.82	-	218.50
Current	-	1,127.64	-	1,484.15
	0.02	**3,382.08**	**4.07**	**4,785.17**
Financial liabilities				
Long term borrowings	-	1,264.70	-	2,188.63
Short terms borrowings	-	1,578.81	-	1,846.48
Trade payables	-	2,343.08	-	3,217.76
Other non-current financial liabilities		67.88	-	-
Other current financial liabilities	-	1,547.27	-	2,583.61
	-	**6,801.75**	**-**	**9,836.48**

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements:

	As at March 31, 2020 / March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets	0.02	-	-	0.02
Financial liabilities	-	-	-	-
	0.02	**-**	**-**	**0.02**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year.

C. Fair value of financial assets and liabilities measured at amortised cost:

	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Trade receivables	-	1,899.74	-	3,025.32
Cash and cash equivalents	-	144.88	-	57.19
Others				
Non Current	-	209.82	-	218.50
Current	-	1,127.64	-	1,484.15
	-	**3,382.08**	**-**	**4,785.17**
Financial liabilities				
Long term borrowings	-	1,264.70	-	2,188.63
Short terms borrowings	-	1,578.81	-	1,846.48
Trade payables	-	2,343.08	-	3,217.76
Other non-current financial liabilities	-	67.88	-	-
Other current financial liabilities	-	1,547.27	-	2,583.61
	-	**6,801.75**	**-**	**9,836.48**

The carrying amounts of the abovementioned financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

II. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk"

i. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Group monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the President of the Group.

More than 60 % of the Group's customers have been transacting with the Group for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties."

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of credit loss allowances of trade receivables is ₹1,899.74 (March 31, 2019 – ₹3,025.32).

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Reconciliation of loss allowance provision - Trade receivables:

	As at March 31, 2020	As at March 31, 2019
Opening balance	(972.82)	(957.71)
Changes in loss allowance	(22.71)	(15.11)
Closing balance	**(995.53)**	**(972.82)**

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Group's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Group has bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts March 31, 2020	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	2,678.97	2,678.97	707.14	1,075.30	896.53	-
Short term borrowings	1,578.81	1,578.81	1,578.81	-	-	-
Trade payables	2,343.08	2,343.08	2,343.08	-	-	-
Other non-current financial liabilities	67.88	67.88	-	67.88	-	-
Other current financial liabilities	840.13	840.13	840.13	-	-	-
Total non-derivative liabilities	**7,508.87**	**7,508.87**	**5,469.16**	**1,143.18**	**896.53**	**-**

Particulars	Carrying Amounts March 31, 2019	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,894.18	3,894.17	1,705.54	1,654.34	534.29	-
Short term borrowings	1,846.48	1,846.48	1,846.48	-	-	-
Trade payables	3,217.76	3,217.76	3217.76	-	-	-
Other non-current financial liabilities	-	-	-	-	-	-
Other current financial liabilities	878.07	878.07	878.07	-	-	-
Total non-derivative liabilities	**9,836.48**	**9,836.48**	**7,647.85**	**1,654.34**	**534.29**	**-**

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for liquidity / credit management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives like forward contracts to manage market risks on account of foreign exchange. All such transactions are carried out within the guidelines set by the Board of Directors.

v. Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

Currency risks related to the principal amounts of the Group's foreign currency payables, have been partially hedged using forward contracts taken by the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances."

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	As at March 31, 2020		As at March 31, 2019	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	1.92	0.33	10.12	-
Other payables	0.24	-	0.60	1.70
Net statement of financial position exposure	**2.16**	**0.33**	**10.72**	**1.70**

The following significant exchange rates have been applied

	Average Rates		Year end spot rates	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD 1	70.67	65.05	75.32	69.17
EUR 1	86.92	78.74	83.09	77.70

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During March 31, 2019 and March 31, 2018, the Group's borrowings at variable rate were denominated in Indian Rupees.

Currently the Group's borrowings are within acceptable risk levels, as determined by the management, hence the Group has not taken any swaps to hedge the interest rate risk.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Nominal Amount	
	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial liabilities	2,065.96	4,145.16
	2,065.96	**4,145.16**
Variable-rate instruments		
Financial liabilities	1,484.69	1,639.93
	1,484.69	**1,639.93**

Cash flow sensitivity analysis for variable-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2020				
Variable-rate instruments	7.42	(7.42)	7.42	(7.42)
Cash flow sensitivity	**7.42**	**(7.42)**	**7.42**	**(7.42)**
March 31, 2019				
Variable-rate instruments	8.20	(8.20)	8.20	(8.20)
Cash flow sensitivity	**8.20**	**(8.20)**	**8.20**	**(8.20)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

39 a. Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

b. 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.

c. 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.

40 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed. The Group has not incurred expenditure on CSR during the year as it is not applicable to the Group during the year.

41 Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the Group falls within one broad business segment viz. "Textile" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

NOTES TO CONSOLIDTED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

42 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Group :

Particulars	March 31, 2020	March 31, 2019
Equity Share Capital	2,494.79	2,494.79
Other Equity	6,106.08	5,298.90
Total Equity	**8,600.87**	**7,793.69**
Non-Current Borrowings	1,264.70	2,188.63
Current maturities of Non-Current Borrowings	707.14	1,705.54
Current Borrowings	1,578.81	1,846.48
Total Debts	**3,550.65**	**5,740.65**
Less: Cash & Cash Equivalents	144.88	57.19
Net Debts	**3,405.77**	**5,683.46**
Capital & Net Debts	**12,006.64**	**13,477.15**
Debts Equity Ratio	**0.41**	**0.74**
Capital Gearing Ratio	**28%**	**42%**

43 Other Disclosures

The Consolidated Financial Statements include the accounts of Pioneer Embroideries Limited (Parent Company) and its subsidiaries as detailed below:

Particulars	Country of Incorporation	March 31, 2020	March 31, 2019
Hakoba Lifestyle Ltd	India	100%	100%
Pioneer Realty Limited	India	100%	100%
Crystal Lace (I) Ltd	India	45%	45%

44 Earning per Equity Share

Particulars	March 31, 2020	March 31, 2019
Net Profit for the year	805.32	377.06
Weighted Average Number of Equity Shares of ₹10 each (fully paid-up)	2,49,47,942	2,44,31,342
- Basic (₹)	3.32	1.54
- Diluted (₹)	3.32	1.51

45 On account of the outbreak of Covid-19 virus globally and in India, the Government of India had imposed a complete nation-wide lockdown on March 24, 2020 leading to shutting down of the Company's manufacturing facilities and operations. The Group has since resumed its manufacturing facilities after seeking necessary permissions and capacity utilization is being gradually increased. Though the Group's operations have been affected in the short term, the management believes that there may not be significant impact of Covid -19 pandemic on the financial position and performance of the Group in the long-term. The Group estimates to recover the carrying amount of all its assets including inventories, receivables and loans in the ordinary course of business based on currently-available information. However, if the pandemic persists, and if there are further material changes on account of its severity or duration, Group's estimates will be reviewed in due course.

46 Previous year figure have been regrouped / reclassified to conform to current years classifications.

As per our Report of even date
For **S. K. Naredi & Co.**
Chartered Accountants
(Firm's Registration No.: 003333C)

For & on behalf of the Board

RAHUL NAREDI
Partner
Membership Number:302632

HARSH VARDHAN BASSI
Managing Director
DIN : 00102941

RAJ KUMAR SEKHANI
Chairman
DIN : 00102843

Place: Mumbai
Date: 29th June, 2020

DEEPAK SIPANI
Chief Financial Officer

AMI THAKKAR
Company Secretary

Annexure A

FORM AOC-1

(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 lakhs)**

Sr. No.	Particulars	Name of Subsidiary		
		Hakoba Lifestyle Ltd.	Pioneer Reality Ltd.	Crystal Lace (I) Ltd.
(a)	Reporting Period	April to March	April to March	April to March
(b)	Reporting Currency	INR	INR	INR
(c)	Share Capital	484.63	5.00	987.04
(d)	Reserve & Surplus	(98.38)	(7.58)	(743.39)
(e)	Total Assets	853.68	0.30	1,455.48
(f)	Total Liabilities	467.43	2.88	1,211.83
(g)	Investment other than Investment in Subsidiary	-	-	-
(h)	Turnover	77.45	-	53.47
(i)	Profit/(Loss) before Taxation	6.08	(0.14)	(14.89)
(j)	Provision for Taxation	-	-	-
(k)	Profit/(Loss) after Taxation	6.08	(0.14)	(14.89)
(l)	Proposed Dividend	-	-	-
(m)	% of shareholding	-	-	-

Notes

INTERNATIONAL MARKETING ACCESS

- TURKEY
- NEPAL
- BELGIUM
- JAPAN
- TUNISIA
- SPAIN
- BRAZIL
- THAILAND
- USA
- GREECE
- CANADA
- FRANCE
- BULGARIA
- UAE
- MEXICO
- SRILANKA
- INDONESIA
- CHILE

NATIONAL MARKETING ACCESS

- AMRITSAR
- LUDHIANA
- JALANDHAR
- PANIPAT
- KUNDLI
- DELHI
- VARANASI
- MAU
- KOLKATA
- GUWAHATI
- BHILWARA
- SURAT
- MUMBAI
- BENGALURU
- BELGAUM
- SALEM
- COIMBATORE
- ERODE
- TRIPURA
- MADURAI
- JAIPUR
- AHEMADABAD

SILKOLITE
Scale to Value...

PIONEER EMBROIDERIES LIMITED

....a stitch ahead of time

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