



PIONEER GROUP

## PIONEER EMBROIDERIES LIMITED

....a stitch ahead of time

# 22<sup>nd</sup> ANNUAL REPORT 2014

hakoba

SINCE 1960

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



## BOARD OF DIRECTORS AND OTHER INFORMATION

### BOARD OF DIRECTORS

RAJ KUMAR SEKHANI (DIN:00102843)	Chairman
HARSH VARDHAN BASSI (DIN:00102941)	Managing Director
JOGINDER KUMAR BAWEJA (DIN:01660198)	Independent Director
GOPALKRISHNAN SIVARAMAN (DIN:00457873),	Independent Director

### CONTENTS

	Page
Notice.....	2
Director's Report.....	8
Corporate Governance Report.....	14
Management Discussions & Analysis Report.....	22
Auditor's Report.....	24
Balance Sheet.....	28
Statement of Profit & Loss.....	29
Cash Flow Statement.....	30
Notes to Financial Statements .....	31
Summary of Financial Information of Subsidiaries .....	48
Auditors Report on Consolidated Accounts.....	49
Consolidated Balance Sheet .....	50
Consolidated Statement of Profit & Loss.....	51
Consolidated Cash Flow Statement.....	52
Notes to Consolidated Financial Statements .....	53
Attendance Slip & Proxy Form.....	

#### BANKERS

UNION BANK OF INDIA  
STATE BANK OF INDIA

#### COMPANY SECRETARY

BHARTI S GANDHI

#### COMPLIANCE OFFICER

UDAY NEMLEKAR

#### STATUTORY AUDITORS

M B A H & CO  
*Chartered Accountants*

#### Works

##### Embroidery & Bobbin Lace Plants:

1) SARIGAM	: 1637, 1639, G.I.D.C. Sarigam, Dist. Valsad, Gujarat - 396 155
2) NAROLI	: Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Silvassa, (U.T.)-396 203
3) COIMBATORE	: Mettupalaym Road, Chinnamaddampalayam, Bililichi Post, Coimbatore - 641 019
4) THANE	: Unit No.-1.Vimal House, Dhanji Udyog Nagar, Pankar Pada, Mira Road, Dist. Thane - 401 107
Process House	: 1638, G.I.D.C., Sarigam, Dist. Valsad, Gujarat -396 155
Dope Dyed Polyester Yarn Plant (DDPY)	: Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh -173 030

#### Offices

Registered Office	: Unit No, 101B, 1st Floor, Abishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058
Corporate Office	: Unit No.21 to 25, 2nd Floor, Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai - 400 062
Chennai Office	: 29 & 30, 3RD Floor, Kumbhat Complex, Rattan Bazar, Chennai - 600 003
Delhi Office	: 4986, 1st & 2nd Floor, Baratooti Chowk, Sadar Bazar, Delhi - 110 006
Delhi 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 - 122 061
Kolkata Office	: 14/2, Room No. 135, 2nd Floor, Old China Bazar Street, Kolkata - 700 001
Bengaluru Office	: 872, OTL Main Road, Nagrathpet, 1st Floor, Rajatha Hotel Building, Bengaluru -560 002
Surat Office	: Kiran Compound, Near AP Market, Udhna, Surat - 394 210
Mumbai Sales Office	: Godown No. 1, Rajada Chawl No.2/4, Old Hanuman 2nd Cross Road, Kalbadevi, Mumbai - 400 002

Telephone No.	: 91-22- 42232323
Fax No.	: 91-22- 42232313
Website	: www.pelhakoba.com
E-mail Address	: mumbai@pelhakoba.com

CIN	: L17291MH1991PLC063752
Listing	: Bombay Stock Exchange and National Stock Exchange of India Ltd.
ISIN for Dematerialisation	: INE156C01018
Share Transfer Agent	: LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078

## NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Shareholders of PIONEER EMBROIDERIES LIMITED will be held on Friday, the 18<sup>th</sup> July, 2014 at The Green Village Resorts Limited, Malvani Church, Opp. Akashwani Kendra, Marve Road, Malad West, Mumbai - 400 095 at 9.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Audited Statement of Profit and Loss Account for the year ended 31<sup>st</sup> March, 2014 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raj Kumar Sekhani (DIN 00102843) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. MBAH & CO (ICAI Regn. No. 121426W), Chartered Accountants as Statutory Auditors and to fix their remuneration.

### SPECIAL BUSINESS

4. To Consider and if, thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Joginder Kumar Baweja (DIN:01660198), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019."

5. To Consider and if, thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Gopalkrishnan Sivaraman (DIN:00457873), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to April 16, 2019."

6. To Consider and if, thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the resolution passed by the Board of Directors at its meeting held on 23<sup>rd</sup> May, 2014 and pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, consent and approval of the Company be and is hereby accorded to increase the remuneration being paid or provided to Mr. Raj Kumar Sekhani (DIN:00102843) Chairman of the Company with effect from 1<sup>st</sup> July, 2014 to 29<sup>th</sup> August, 2015 to an amount not exceeding ₹ 7,00,000/- per month including perquisites and on the 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."

"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 Section II A of Part II of 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."

7. To Consider and if, thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the resolution passed by the Board of Directors at its meeting held on 13<sup>th</sup> November, 2013 and pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, consent and approval of the Company be and is hereby accorded to fix the remuneration being paid or provided to Mr. Harsh Vardhan Bassi (DIN:00102941) Executive Director of the Company with effect from 29<sup>th</sup> October, 2013 for a period of 3 years at a sum not exceeding ₹ 2,42,000/- per month including perquisites and on the terms and conditions set out in draft Letter of appointment, a copy whereof initialed by Mr. Raj Kumar Sekhani, Chairman of the Company, for the purpose of identification has been placed before this Meeting."



"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration in the said draft Letter of appointment to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Harsh Vardhan Bassi shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory reenactment(s) thereof and / or any rules or regulations framed thereunder."

"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 Executive Director, the remuneration set out in the aforesaid draft Letter of appointment be paid or granted to Mr. Harsh Vardhan Bassi as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Section II A of Part II of 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."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/financial institutions, other investing agencies and trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to Ordinary Shares/ 'A' Ordinary Shares and/or rupee/foreign currency convertible bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, shall not, at any time exceed ` 500 Crores or the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, whichever is higher."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, subject to requisite approvals, if any, as may be required from any of the concerned authorities to borrow money, from time to time, at its discretion either from the Company's bankers or any other bank, financial institution or any other lending institutions or persons (including Foreign Institutional Investors, Non Resident Individuals, Associations and Corporate Bodies) on such terms and conditions as may be considered suitable by the Board upto a limit not exceeding in the aggregate ` 500 Crores (Rupees Five Hundred Crores only) notwithstanding that the money to be borrowed together with the money's already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose and the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit."

By order of the Board of Directors  
For PIONEER EMBROIDERIES LIMITED

Place : Mumbai  
Date : May 23, 2014

Harsh Vardhan Bassi  
Managing Director

## NOTES

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.  
  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 wherever applicable is attached and forms part of this Notice.
4. Members are requested to affix their signature at the place provided on the Attendance Slip and hand over the slip at the entrance to the place of meeting for attending the Meeting.
5. Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their Representative to attend and vote at the Meeting on their behalf.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report to the Meeting.
7. The Register of Members and Share Transfer Register of the Company will remain closed from 15<sup>th</sup> July, 2014 to 18<sup>th</sup> July, 2014 (both days inclusive).
8. In terms of the Notification issued by Securities and Exchange Board of India (SEBI), the Equity Shares of the Company are compulsorily traded in Electronic mode. Shareholders are requested to avail this facility and get their shareholding converted into Dematerialised form by sending the Dematerialisation Request Form (DRF) alongwith the Share Certificates through their Depository Participant (DP) to the Company's Registrar & Transfer Agent.
9. Members wishing to claim Dividends of the previous years, which remain unclaimed, are requested to correspond with Mr. Uday Nemlekar Compliance Officer, at the Company's Registered Office. Members are requested to note that Dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
10. Dividend for the Financial year March 31, 2007 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund (IEPF). Members who have not so far encashed Dividend Warrant(s) for the aforesaid years are requested to seek issue of Duplicate Warrants(s) by writing to the Company immediately. Members are requested to note that NO CLAIMS shall lie against the Company or IEPF in respect of any amounts that were unclaimed and unpaid for a period of 7 years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
11. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
12. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready
13. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No.17/2011 dated 21<sup>st</sup> April, 2011 and Circular No.18/2011 dated 29<sup>th</sup> April, 2011 has allowed companies to send Annual Report comprising of Balance sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and circulars issued by MCA, we propose to send future communication in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communications through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.  
  
Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, e-mail id) on the Company's e-mail address viz. [mumbai@pelhakoba.com](mailto:mumbai@pelhakoba.com). Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.
14. The members are requested to:
  - a) Intimate changes, if any, in their Registered address to the Registrar and Transfer Agents of the Company M/s. Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai- 400078.
  - b) Quote Ledger Folio/Client Id/DP ID numbers in all their correspondence.

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

That following explanatory statement sets out the material facts referring to Item No. 4 to 9 of the Notice.

ITEM NO. 4

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Joginder Kumar Baweja as an Additional Director of the Company with effect from February 6, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Joginder Kumar Baweja would hold office up to the date of the ensuing Annual General Meeting.

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

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

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

The Company has received a declaration from Mr. Joginder Kumar Baweja that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Joginder Kumar Baweja possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the opinion of the Board, Mr. Joginder Kumar Baweja fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Joginder Kumar Baweja is independent of the management.

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

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Joginder Kumar Baweja is appointed as an Independent Director.

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

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

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

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

ITEM NO. 5

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Gopalkrishnan Sivaraman as an Additional Director of the Company with effect from April 17, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Gopalkrishnan Sivaraman would hold office up to the date of the ensuing Annual General Meeting.

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

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

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

The Company has received a declaration from Mr. Gopalkrishnan Sivaraman that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Gopalkrishnan Sivaraman possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the opinion of the Board, Mr. Gopalkrishnan Sivaraman fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Gopalkrishnan Sivaraman is independent of the management.

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

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Gopalkrishnan Sivaraman is appointed as an Independent Director.

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

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

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

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

#### ITEM NO. 6

Mr. Raj Kumar Sekhani was re-appointed as Managing Director of the Company at the 20<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> December, 2012 for a period of 3 years at a monthly remuneration of ` 4,00,000/- Mr. Raj Kumar Sekhani is a Promoter Director of the Company. He has very rich experience in industry and due to his untiring efforts the Company has made a remarkable progress. It was decided by the Board of Directors of the Company at its Meeting held on 23<sup>rd</sup> May, 2014 to increase the remuneration of Mr. Raj Kumar Sekhani with effect from 1<sup>st</sup> July, 2014 from ` 4,00,000/- per month to ` 7,00,000/- per month. All other terms and conditions of his appointment as Managing Director remain the same as approved vide the members resolution passed in the 20<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> December, 2012.

The remuneration to be paid to Mr Sekhani is as per Section 196 and Section 197 read with Schedule V of the Companies Act, 2013.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement of concern or interest under Section 190 of the Companies Act, 2013.

The Resolution at item no. 6 is recommended for approval of the Members in the best interests of the Company.

The proposed remuneration is within the limits as prescribed under Section II of part II of Schedule V of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Raj Kumar Sekhani may be considered to be interested in the passing of this resolution.

#### ITEM NO. 7

Mr. Harsh Vardhan Bassi was re-appointed as Executive Director of the Company at the Board Meeting held on 13<sup>th</sup> November, 2013 for a period of 3 years at a monthly remuneration of ` 2,42,000/- with effect from 29<sup>th</sup> October, 2013. Mr Harsh Vardhan Bassi, is Executive Director of the Company. He is having vast experience and his sustained efforts over last couple of years has helped the Company to come out from the lean period it has been facing in the recent past.

The detailed terms and conditions regarding remuneration to be paid to him are given below and are as per Section 196 and Section 197 read with Schedule V of the Companies Act, 2013.

##### 1) Details of Salary to be paid is as follows: ` 2,42,000/- per month

Where in any financial year, the Company has no profit or its profits are inadequate, the Company will pay remuneration not exceeding the limits specified under Section II of Part II of Schedule V the Companies Act, 2013.

##### 2) Other Conditions:

- i. For all other terms and conditions not specifically spelt out above, the Rules and Order of the Company shall apply.
- ii. The Executive Director shall hold office as such, subject to the provisions of Section 164 of the Companies Act, 2013.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement of concern or interest under Section 190 of the Companies Act, 2013.

## PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



The Resolution at item no. 7 is recommended for approval of the Members in the best interests of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Harsh Vardhan Bassi may be considered to be interested in the passing of this resolution.

### ITEM NO. 8 & 9

As per the provisions of the Companies Act, 2013 a Company is required to pass resolutions under Section 180 of the Companies Act, 2013 to create charge on the assets of the Company and to borrow in excess of paid up capital and free reserves of the Company. The resolutions passed under the erstwhile provisions of Companies Act, 1956 are valid till 12<sup>th</sup> September, 2014. In view of the same the your Directors propose the resolutions under Section 180 (1) (a) and Section 180 (1) (c) of the Companies Act, 2013. It was felt necessary to authorize the Board of Directors to borrow further sums of money thereby raising the total borrowing limit to ` 500/- Crores (Rupees Five Hundred Crores Only).

The Resolution under Item Nos. 8 & 9 is to obtain the consent of the shareholders for this purpose.

None of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in these resolutions.

By order of the Board of Directors  
For PIONEER EMBROIDERIES LIMITED

Place : Mumbai  
Date : May 23, 2014

Harsh Vardhan Bassi  
Managing Director

## DIRECTOR'S REPORT

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED

Your Directors present the Twenty Second Annual Report of your Company on the business and operations for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL HIGHLIGHTS:

	(₹ in lacs)	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Turnover - Domestic	23,205.18	22,379.37
- Export	4,116.65	1,669.32
Total	27,321.83	24,048.69
Profit /(Loss) before Other Income, Financial Charges, Depreciation, Exceptional Items & Tax	1,899.13	1,489.32
Other Income	838.60	683.68
Profit /(Loss) before Financial Charges, Depreciation, Exceptional Items & Tax	2,737.73	2,173.00
Financial Charges (net)	1,667.37	1,532.19
Profit /(Loss) before Depreciation, Exceptional Items and Tax	1,070.36	640.81
Depreciation	1,098.91	1,266.18
Profit/(Loss) before Exceptional Items & Tax	(28.55)	(625.37)
Exceptional Items (net)	663.30	861.80
Provision for Deferred Tax Liability/(Asset)	--	1,851.00
Net Profit/(Loss)	(691.85)	(3,338.18)
Balance of net loss brought forward from previous year	(4,070.49)	(732.31)
Balance of Profit/(Loss) carried forward	(4,762.34)	(4,070.49)
Per share data		
Basic Earnings per Share (₹)	(3.91)	(25.41)
Book Value per Share (₹)	59.99	37.50

### YEAR IN RETROSPECT

Profit before Other Income, Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹ 1,899.13 lacs (₹ 1,489.32 lacs). The net loss has come down from ₹ 3,338.18 lacs in the previous year to ₹ 691.85 lacs during the year under report. The Company has generated a cash profit of ₹ 231.76 lacs during the year under report as against cash loss of ₹ 42.19 lacs during the previous year.

During the year under review, the Dope Dyed Polyester Yarn (DDPY) business reported increase in turnover and EBITDA levels. The turnover has grown to ₹ 21,495 lacs (₹ 17,809 lacs), an increase of 21%. The operating margins have improved by over 200 basis points and EBITDA for the year stood at ₹ 1,998 lacs (₹ 1,289 lacs), an increase of more than 55%. There has also been a growth of about 10% in capacity utilization in the DDPY plant during the year. The share of value added items in the turnover has increased from 59% in the previous year to 66% during the year under report. Relative stability in Rupee - Dollar parity and higher exports have also helped in improvement of performance.

The operations of Embroidery and Laces division, however, could not demonstrate a similar momentum, with turnover remaining at ₹ 5,290 lacs (₹ 5,385 lacs) and a reduction in EBITDA to ₹ 430 lacs (₹ 660 lacs). The operations at Bobbin Lace Unit at Sarigam, post relocation from Karad, took time to stabilize, resulting in a loss of production. Production at other Embroideries units has also remained stagnant..

Your Company will continue its endeavors to achieve higher production, better operational efficiencies and higher profits to benefit all the stake holders. It will also include a sustained thrust on higher value addition and high margin products.

### INDUSTRY OVERVIEW

The textile industry outlook for 2014 is expected to be stable. The growth is expected to be driven by improved revenue prospects from rebounding economic growth in key export destinations of USA, UK and Europe. New destinations viz. Brazil and Latin America are also expected to contribute to the resurgence. Stable input costs and continuing favourable government policies will also help prospects of the industry.

#### YEAR IN PROSPECT:

PIONEER has a pre eminent position in the market as a Value-Added Yarn Supplier and provides end-to-end solutions in its niche Segment. A large product range and quick adaptability to design production schedule as per orders are hallmarks of Pioneer's operations. Your company is confident that it will surmount the macro environmental obstacles and achieve improved profitability in the coming years.

Your Company also expects an improvement in Embroideries and Laces division performance, with stabilization of operations at Bobbin Lace unit, Sarigam and resultant improvement in production in the Bobbin Lace Unit.

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

#### CORPORATE DEBT RESTRUCTURING

The proposal for restructuring of CDR Package submitted by the company to CDR lenders, as reported previously, did not find unanimous favour with them. The lenders have, accordingly, opted out of CDR during the year. Your Company has taken up the challenge and approached the lenders individually for "One Time Settlement (OTS)" of their debt. Your company has successfully negotiated an OTS with State Bank of Patiala during the year, in addition to OTS with Axis Bank and ICICI Bank negotiated in the previous year. The payments to ICICI Bank under OTS were completed during the reporting year and payments to State Bank of Patiala are being made and will be completed in FY2014-15.

Subsequent to withdrawal from CDR, State Bank of India has issued a notice to the company under section 13(2) of SARFAESI Act seeking repayment of its loans. The company has made a proposal to the Bank for an OTS of its dues, and expects an amicable resolution of the debt.

Your company is also engaging with other banks viz. Corporation Bank, HDFC Bank and SIDBI, EXIM Bank to arrive at an OTS with these banks.

#### FCCBs

The outstanding FCCBs of USD 11 million, which had matured for payment in the earlier years were paid off during the year under report by making payment of USD 0.7 million (₹ 434.14 lacs) pursuant to OTS arrived at with the bond holders. The amount of USD 10.3 million (₹ 4,065.16 lacs) being the difference of face value and settlement amount has been waived off and is treated as non-monetary transactions and has been credited to Capital Reserve.

#### LISTING

The Equity Shares of the Company are listed with the BSE, NSE, Delhi and Kolkata. The Company had applied for delisting the Company's Equity Shares from the Stock Exchanges at Delhi and Kolkata, but is yet to receive the confirmation from these Stock Exchanges.

The Company has paid the listing fees for the year to BSE & NSE.

#### DIVIDEND

In view of accumulated losses, the Directors have not recommended any dividend for the year.

#### CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs (MCA) has by General Circular No.2/2011 dated 8<sup>th</sup> February, 2011, issued a direction under Section 212(8) of the Companies Act, 1956 that the provisions of Section 212 shall not apply to companies in relation to their subsidiaries, subject to fulfilling certain conditions mentioned in the said circular with immediate effect. The Board of Directors of your Company at its meeting held on 23<sup>rd</sup> May, 2014, approved the Audited Consolidated Financial Statements for the financial year 2013-14 in accordance with the Accounting Standard (AS-21) and other Accounting Standards issued by the Institute of Chartered Accountants of India as well as Clause 32 of the Listing Agreement, which include financial information of its subsidiary, and forms part of this report. The Consolidated Financial Statements of your Company for the financial year 2013-14, are prepared in compliance with applicable Accounting Standards and requirement under Listing Agreement as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the subsidiaries of the Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of the Company. Your Company has not attached the financial statements of its subsidiaries for the financial year 2013-14. A statement of summarized financials of the subsidiary of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by Ministry of Corporate Office, forms part of this report.

#### SUBSIDIARY COMPANIES

The gross sales of the Hakoba Lifestyle Limited in current year stood at nil as compared to ₹ 79 lacs during previous year. Loss after tax and exceptional item stood at ₹ 34 lacs as compared to ₹ 1,005 lacs during previous year.

The gross sales of Mas Embroideries Private Limited in current year stood at ₹ Nil (Nil). The Company has incurred a net loss of ₹ 0.44 lac as compared to net loss of ₹ 0.72 lacs.

Pioneer Realty Ltd. had no activity during the year.

S.R Investments Limited which has investment holding as a principal activity, has reported a net profit of ₹ 451.74 lacs on account of write back of loans taken.

The statement of subsidiaries pursuant to section 212 of the Companies Act, 1956 is attached and forms part of this report.

#### DEPOSITORY SYSTEM

The trading in the equity shares of your Company are under compulsory dematerialisation mode. As on date, shares representing 97.92% of the share capital are in dematerialised form. As the Depository System offers numerous advantages, Members are requested to take advantage of the same and avail of the facility of dematerialisation of the Company's shares.

#### FIXED DEPOSITS

During the year under review, the Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and as such no amount of principal or interest was outstanding as on the Balance Sheet date.

#### SAFETY, HEALTH & ENVIRONMENT

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

#### HUMAN RESOURCE

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

Your company regularly conducts technical and safety training programmes.

#### PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be furnished in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

#### DIRECTORS

Mr. Joginder Kumar Baweja was inducted on the Board as additional director w.e.f. 6<sup>th</sup> February, 2014. As per the provisions of the Companies Act, 2013 and those contained in the Article of Association of the Company, his appointment as the Director of the Company requires the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mr. Gopalkrishnan Sivaraman was inducted on the Board as additional director w.e.f. 17<sup>th</sup> April, 2014. As per the provisions of the Companies Act, 2013 and those contained in the Article of Association of the Company, his appointment as the Director of the Company requires the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mr. Sudatta Mandal, nominee of EXIM Bank, had resigned as Director of the Company w.e.f. 6<sup>th</sup> February, 2014. The Board appreciates the services rendered by him during his tenure of office as director.

Mr. Arvind Ratan Sinha had resigned as Director of the Company w.e.f. 10<sup>th</sup> February, 2014. The Board appreciates the services rendered by him during his tenure of office as director.

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

#### INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery are adequately insured against risk of fire and other risks.

#### ACCOUNTING STANDARDS AND CONSOLIDATED FINANCIAL STATEMENTS

A company, whose securities are listed on the Stock Exchanges, is compulsorily required to follow the Accounting Standards prescribed by the Institute of Chartered Accountants of India. As a consequence, the Company is obliged to make a provision for deferred tax assets net of deferred tax liability in the accounts. However in view of continuous losses in the recent years, no deferred tax assets has been created in the accounts. The deferred tax assets shall be created again on turnaround of the Company.

In accordance with the Accounting Standard -21 on Consolidated Financial Statement read with Accounting Standard -27 on Financial Reporting of Interest in Joint Venture, your Directors provide the Audited Consolidated Financial Statements in the Annual Report.

#### AUDITORS

M/s M B A H & CO., Chartered Accountants are to be appointed as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

#### AUDITOR'S REPORT

The observations made in the Auditor's Report to the shareholders are self-explanatory.

#### DIRECTORS RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- (i) In the preparation of the Annual Accounts for the year 2013-14, the applicable Accounting Standards have been followed, except otherwise stated in Notes to Accounts and Accounting Policies;
- (ii) The accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the loss of the Company for the year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.

#### CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance with Auditors Certificate on Compliance with the conditions of Corporate Governance and a Management Discussion & Analysis Report has been attached to form part of the Annual Report.

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

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are attached as Annexure to this report.

#### ACKNOWLEDGEMENT

The Management of your Company is grateful to the CDR-Cell, Government authorities, Shareholders, Valued Customers, Company's Bankers, Financial Institutions, 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 growth of your Company.

For and on behalf of the Board of Directors

Place : Mumbai.  
Date : May 23, 2014.

RAJ KUMAR SEKHANI  
Chairman

## **ANNEXURE TO THE DIRECTORS' REPORT**

- I. Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31.03.2014.

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.                                            |
| i) Capital                                                      |                                                                                                |
| ii) Recurring                                                   |                                                                                                |
| iii) Total                                                      |                                                                                                |
| iv) Total R & D Expenditure                                     |                                                                                                |

As a Percentage of total turnover.

C) FOREIGN EXCHANGE EARNING AND OUTGO:

(` in lacs)

	2013-14	2012-13
Total Foreign Exchange Used (Payment Basis)	1,158.07	350.09
Total Foreign Exchange Earned	3,609.45	1,786.21

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 23, 2014.

RAJ KUMAR SEKHANI  
Chairman

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES

(` in lacs)

Name of Subsidiaries	Financial year ending of subsidiary	Holding - %	For current financial year		For previous financial years since it became a subsidiary	
			Aggregate profits / losses not dealt with in the company's accounts	Aggregate profits/ losses dealt with in the company's accounts	Aggregate profits / losses not dealt with in the company's accounts	Aggregate profits/ losses dealt with in the company's accounts
1 Hakoba Lifestyle Limited	31.03.2014	85%	(28.68)	Nil	(6,240.22)	Nil
2 Mas Embroideries Private Limited	31.03.2014	100%	(0.44)	Nil	(41.32)	Nil
3 Pioneer Realty Limited	31.03.2014	100%	(0.29)	Nil	(6.13)	Nil
4 S.R Investments Limited	30.06.2013	100%	451.74	Nil	(242.40)	Nil

For and on behalf of the Board of Directors

Place : Mumbai.  
Date : May 23, 2014

RAJ KUMAR SEKHANI  
Chairman

## CORPORATE GOVERNANCE REPORT

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

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

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

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

### 2. Board of Directors

The Board of the Company comprises three Directors, out of which two are Executive Directors, and one is Independent Director. The Non-Executive Director of the Company is highly experienced professional in his field and in the corporate world. The Board is headed by Executive Chairman.

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

Category	No. of Directors
Executive Directors	2
Independent Director	1
Total	3

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	Executive Chairman & Promoter	4	---	---
Mr. Harsh Vardhan Bassi	Executive Director	3	---	---
Mr. Arvind Ratan Sinha *	Independent Non-Executive Director	1	---	2
Mr. Sudatta Mandal **	Independent Non-Executive Director	1	2	---
Mr. Joginder Kumar Baweja ***	Independent Non-Executive Director	1	2	---

\* Resigned w.e.f. :- 10<sup>th</sup> February, 2014

\*\* Resigned w.e.f. :- 6<sup>th</sup> February, 2014

\*\*\*Appointed w.e.f. :- 6<sup>th</sup> February, 2014

@ Does not include Directorships in Private Companies

@@ As per Clause 49 of the Listing Agreement, only Membership in Audit Committee / Shareholders Grievance Committee is taken into consideration.

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

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

The Board of the Company met four times during the year ended March 31, 2014 on the following dates:  
04-06-2013, 09-08-2013, 13-11-2013 and 06-02-2014

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



Name of the Director	Board Meetings held during the tenure of the Director	Board Meeting Attended	Attendance at the last AGM held on August 10, 2013
Mr. Raj Kumar Sekhani	4	4	Present
Mr. Harsh Vardhan Bassi	4	4	Present
Mr. Arvind Ratan Sinha*	4	4	Absent
Mr. Sudatta Mandal**	4	3	Absent
Mr. Joginder Kumar Baweja***	1	1	Not Applicable

\* Resigned w.e.f. :- 10<sup>th</sup> February, 2014\*\* Resigned w.e.f. :- 6<sup>th</sup> February, 2014\*\*\*Appointed w.e.f. :- 6<sup>th</sup> February, 2014

## Directors seeking reappointment

A brief resume of Directors appointed/re-appointed at the Annual General Meeting, the nature of his expertise in specific functional areas, and the names of the companies in which he holds directorship and membership of the Committees of the Board are furnished hereunder:

## MR. JOGINDER KUMAR BAWEJA

Mr Baweja, 60 years of age is a textile engineer from Punjab University and a management degree from Nagpur. He retired as the managing director of National Handloom Development Corporation Ltd. (NHDC) in May 2013. In a career spanning 39 years, Mr Baweja has served National Textiles Corporation Ltd. (NTC) and NHDC.

Joining NTC as Production Manager in 1988, He rose to the rank of Chief General Manager and left the company in 2007 to join as Managing Director of NHDC. Mr Baweja brings a wealth of experience in different facets of textiles business to the Board.

He is the Member of Shareholder's Grievance Committee of your Company

## 3. Audit Committee

## Brief description of Terms of Reference

The following terms of reference stipulated by the Board of Directors to the Audit Committee covers all the matters specified under the Listing Agreement as well as the provisions of Section 292A of the Companies Act, 1956.

1. Oversee the Company's financial reporting process.
2. Oversee the Company's disclosures of financial information.
3. Recommend appointment / removal of statutory auditors and fixation of their fees.
4. Review of the quarterly/half yearly financial results and annual financial statements with the management, internal auditor and the statutory auditor.
5. Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary.
6. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems.
7. 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. 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. Review of any related party transactions of material nature made by the Company with promoters or the management, their subsidiaries or relatives that may have potential conflict with the interests of the Company at large.
10. Authority to investigate into any matter covered by Section 292A of the Companies Act, 1956.
11. Reviewing the Company's financial and risk management policies.

Date of Meetings : Four Meetings of the Audit Committee were held on 04-06-2013, 09-08-2013, 13-11-2013 and 06-02-2014

Composition : Mr. Arvind Ratan Sinha was Chairman of the Audit Committee. Other members were Mr. Sudatta Mandal, Mr. Joginder Kumar Baweja and Mr. Harsh Vardhan Bassi.

Attendance :

Name of the Director	Designation	Status	Committee Meetings held during the tenure of Director on the Committee	Committee Meetings Attended
Mr. Arvind Ratan Sinha *	Member	Non-Executive Independent Director	4	4
Mr. Harsh Vardhan Bassi	Member	Executive Director	4	4
Mr. Joginder Kumar Baweja **	Member	Non-Executive Independent Director	1	1
Mr. Sudatta Mandal ***	Member	Non-Executive Independent Director	4	3

\* Resigned w.e.f.:-10<sup>th</sup> February, 2014

\*\*Appointed w.e.f.:- 6<sup>th</sup> February, 2014

\*\*\* Resigned i.e.f.:- 6<sup>th</sup> February, 2014

#### 4. Remuneration Committee

Brief description of terms of reference:

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

The Committee comprises of following Members:

Name of the Director	Designation	Status
Mr. Arvind Ratan Sinha *	Chairman	Non-Executive Independent Director
Mr. Sudatta Mandal **	Director	Non-Executive Independent Director
Mr. Joginder Kumar Baweja ***	Chairman	Non-Executive Independent Director

\* Resigned w.e.f.:-10<sup>th</sup> February, 2014

\*\* Resigned w.e.f.:-6<sup>th</sup> February, 2014

\*\*\*Appointed w.e.f.:-6<sup>th</sup> February, 2014

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.

During the year ended March 31, 2014, one meeting of the Remuneration Committee was held on 13-11-2013.

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

Details of Remuneration paid / payable to the Directors for the year ended March 31, 2014 are as follows:

(Amount in `)

Name of the Director	Position	Sitting Fees	Salary & Perquisites	Total
Mr. Raj Kumar Sekhani	Chairman & Managing Director	NIL	48,00,000	48,00,000
Mr. Harsh Vardhan Bassi	Executive Director	NIL	32,45,084	32,45,084
Mr. Arvind Ratan Sinha *	Independent Director	10,000	NIL	10,000
Mr. Sudatta Mandal **	Nominee Director	7,500	NIL	7,500
Mr. Joginder Kumar Baweja ***	Independent Director	2,500	NIL	2,500
	TOTAL	20,000	80,45,084	80,65,084

\* Resigned w.e.f.:- 10<sup>th</sup> February, 2014

\*\* Resigned w.e.f.:- 6<sup>th</sup> February, 2014

\*\*\*Appointed w.e.f.:- 6<sup>th</sup> February, 2014

#### 5. Shareholder's Grievance Committee

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

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

Name of the Director	Designation	Status
Mr. Raj Kumar Sekhani	Chairman	Executive Chairman
Mr. Harsh Vardhan Bassi	Member	Executive Director
Mr. Arvind Ratan Sinha*	Member	Non Executive independent Director
Mr. Joginder Kumar Baweja**	Member	Non Executive independent Director

\* Resigned w.e.f.:-10<sup>th</sup> February, 2014

\*\*Appointed w.e.f.:-6<sup>th</sup> February, 2014

The Company has appointed Link Intime India Pvt. Limited, Mumbai, as its Registrar & Share Transfer Agents. The share transfers lodged are being processed and Memorandum of Transfers is generated on a fortnightly basis.

During the year ended March 31, 2014 an aggregate of 512 shares were transferred. The details of the complaints and other correspondences received and attended during the year ended March 31, 2014 are given hereunder:

Nature of Complaints	Received	Attended to	Pending
Non-receipt of Share Certificate(s) -Transfer	2	2	0
Non-receipt of Dividend / Interest / Redemption Warrants	3	3	0
Non-receipt of Annual Report	9	9	0
Others	0	0	0
Total	14	14	0

## 6. General Body Meetings

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

Year	Date	Time	Venue	No. of Special Resolutions passed
2010-2011	28 <sup>th</sup> September, 2011	9.30 A.M	The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095	Nil
2011-2012	21 <sup>st</sup> December, 2012	9.30 A.M	The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095	02
2012-2013	10 <sup>th</sup> August, 2013	9.30 A.M	The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095	Nil

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

During the year under review, the Company has not passed Special any Resolution through postal ballot as per the provisions of the Companies Act, 1956 and the rules framed thereunder.

At this meeting also there are no Ordinary or Special Resolution requiring passing by way of Postal Ballot.

## 7. Disclosures

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

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

## 8. Means of Communication

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

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

### General Shareholder Information

- i) AGM
  - Date and Time : 18<sup>th</sup> July, 2014 at 9.30 a.m.
  - Venue : The Green Village Resort Limited, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai - 400 095
- ii) Financial Calendar 2014-15 (tentative)
  - Financial Reporting for
  - Quarter ending June 30, 2014 : By Second Week of August, 2014
  - Half year ending September, 2014 : By Second Week of November, 2014
  - Quarter ending December, 2014 : By Second Week of February, 2015
  - Year ending March 31, 2015 : By Last Week of May, 2015
  - Annual General Meeting (2014-15) : By end of September, 2015
- iii) Date of Book Closure : 15<sup>th</sup> July, 2014 to 18<sup>th</sup> July, 2014 (both days inclusive)

- iv) Listing on Stock Exchanges : National Stock Exchange of India Limited  
(Code: PIONEEREMB)
- : Bombay Stock Exchange Limited  
(Code: 514300)
- : The Calcutta Stock Exchange Association\*  
(Code: 26033)
- : The Delhi Stock Exchange Association Ltd\*  
(Code: 16158)

*\*The Company had applied for the voluntary delisting of Equity Shares of the Company from the Stock Exchanges at: Delhi and Calcutta in the year 2007.*

- v) Listing Fees : Annual Listing Fees for the Financial Year 2014-2015 have been paid to NSE & BSE
- vi) Demat ISIN No. : INE156C01018

- vii) Stock Market Data  
The month-wise movement (High & Low) of the shares of the Company at the Mumbai Stock Exchange during each month for the year ended March 31, 2014 is as under:

PEL SHARE PRICE - BSE

Month	High Price (Rs.)	Low Price (Rs.)	Volume
April, 2013	6.60	5.45	16,736
May, 2013	7.15	5.41	12,407
June, 2013	6.23	5.25	21,479
July, 2013	6.50	5.27	20,433
August, 2013	7.00	6.01	9,882
September, 2013	6.30	5.17	9,300
October, 2013	9.07	5.88	23,675
November, 2013	9.85	7.61	26,135
December, 2013	8.50	7.30	21,330
January, 2014	9.45	7.35	19,658
February, 2014	7.99	6.18	30,561
March, 2014	7.86	5.76	57,897

viii) Share Transfer System

Presently, the shares received for transfer, which are 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.

ix) Dividend Payment Procedure

Members who have so far not encashed their dividend warrants or have not received the dividend warrants are requested to seek issue of duplicate warrants. Such members may write to the Company at the Registered Office of the Company for payment of such dividend warrant. It may kindly be noted by the Shareholders of the Company that the Dividend declared by the Company, if remains unclaimed or unpaid for the year of 7 years will be transferred to the Investor Education & Protection Fund.

- x) Registrar & Share Transfer Agent : Link Intime India Pvt. Limited.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West),  
Mumbai - 400 078.

xi) Distribution of Shareholding as on March 31, 2014

Slab of No. of Shareholding (Rs.)	No. of Shareholders	% to No. of Shareholders	Amount (Rs.)	% to paid-up capital
Upto 5000	19897	92.31	12108900	6.84
5001 - 10000	766	3.54	6292180	3.56
10001 - 20000	433	2.00	6672000	3.77
20001 - 30000	178	0.82	4566100	2.58
30001 - 40000	86	0.40	3066930	1.73
40001 - 50000	76	0.35	3569130	2.02
50001 - 100000	103	0.48	7496910	4.24
> 100001	81	0.37	133218790	75.27
<b>Total</b>	<b>21620</b>	<b>100.00</b>	<b>176990940</b>	<b>100.00</b>

xii) Categories of Shareholders as on March 31, 2014

Category	No. of Shareholders	% to No. of Shareholders	No. of Shares held	% of Shareholding
Promoters	7	0.04	8581929	48.49
Mutual Funds & UTI	2	0.01	900	0.00
Banks/Financial Institutions/Ins/Govt.	2	0.01	999594	5.65
Corporates	255	1.18	1803812	10.19
Individuals	20841	96.40	6019134	34.01
NRIs/OCBs	458	2.12	194539	1.09
Others	55	0.25	82236	0.47
<b>Total</b>	<b>21620</b>	<b>100.00</b>	<b>17699094</b>	<b>100.00</b>

xiii) Dematerialisation of Shares

The Company shares are compulsory traded in dematerialized form. As on March 31, 2014 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	3,68,373	2.08
Shares held in Demat Form	1,73,30,721	97.92
<b>Total</b>	<b>1,76,99,094</b>	<b>100.00</b>

xiv) Outstanding GDRs / Warrants and Convertible Instruments

During the year, the Company has bought back outstanding FCCBs of face value of US\$ 11 million. No FCCBs are outstanding as at 31<sup>st</sup> March, 2014.

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

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

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

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

Non-Mandatory Requirements

- |                           |                                                                                                                                                                 |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Chairman of the Board  | Mr. Raj Kumar Sekhani                                                                                                                                           |
| b) Remuneration Committee | The Company has formed a Remuneration Committee                                                                                                                 |
| c) Shareholder's Rights   | The Company's Quarterly and Half yearly results are published in English and Marathi Newspapers. Hence the same are not sent to the shareholders.               |
| d) Postal Ballot          | The Company has not transacted any business through postal ballot.<br><br>The Company shall comply with the provisions of law in this regard whenever required. |

---

Management Certificate on clause 49 (1D) of the Listing Agreement

To,  
The Members,  
Pioneer Embroideries Limited

This is to affirm that the Board of Directors of Pioneer Embroideries Limited has adopted a Code of Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (1D) of the Listing Agreement with the Stock Exchange and Board of Members and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said code for the financial year ended 31st March, 2014.

Place : Mumbai  
Date : May 23, 2014

RAJ KUMAR SEKHANI  
Chairman

CERTIFICATE FROM THE AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members of Pioneer Embroideries Limited

We have examined the compliance of conditions of Corporate Governance by Pioneer Embroideries Limited for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a year exceeding one month against the Company as per the records maintained by the Shareholders/ Investors grievance committee.

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 MBAH & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place : Mumbai  
Date : May 23, 2014

## Management Discussion and Analysis

### Disclaimer:

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

The Management of Pioneer Embroideries Ltd. (Pioneer, or the Company) presents below an analysis of its performance during the year under review, i.e. Accounting Year ended 31<sup>st</sup> March, 2014 (for the period April'13 up to March'14).

### A: Business Review

#### Economic Outlook:

The recovery in advanced economies has continued in 2013-14 resulting in strengthening of global economic activity during the second half of 2013. The trend is expected to continue in 2014-15 resulting in further improvement. Global growth is now projected at around 3.7 percent in 2014, rising to 3.9 percent in 2015. But downward revisions to growth forecasts in some economies highlight continued fragilities, and downside risks remain. The growth in the United States is expected to be 2.8 percent in 2014 with projections for 2015 at 3 percent. The euro area is also turning the corner from recession to recovery with growth projected to strengthen to 1 percent in 2014 and 1.4 percent in 2015. The recovery, however, is expected to be more modest in the economies under stress viz. Greece, Spain etc.

Indian economy has also slowed down over recent years with growth rate declining to about 4.6% in 2013-14 from 8.9 % in 2010-11. Installation of a strong Government at the Centre is expected to remove the policy paralysis which has dogged the outgoing Government in recent past and the growth is now expected to get a fillip.

The Textiles sector comprising cotton, man-made fibers, jute, sericulture & silk, wool, a number of speciality fibres and their products and Handlooms and Handicrafts, plays a key role in the Indian Economy by way of significant contribution to GDP, manufacturing output, employment generation and export earnings. Textiles also accounts for nearly 11 per cent of total exports of the country and more than a quarter of the foreign exchange earnings.

India is world's second largest producer of textiles and garments. It is a popular destination for many big global retailers due to its strength of vertical and horizontal integration. The quality of the country's products is seen in the repeat orders from these global companies and the significant growth in their outsourcing from India.

The size of Indian textile and apparel market, is expected to touch US\$ 221 bn by 2021 from US\$ 89 bn in 2011, with exports constituting about a quarter of the total. Though exports have dipped in FY 13 in financial terms, owing to steep depreciation of Indian Rupee vis a vis US Dollar, these have picked up again and are expected to achieve levels of USD 65 bn by Fisc. 2017, the terminal year of current 5 year plan.

Various initiatives taken by the Government of India have also strengthened the competitiveness of the Indian Textile industry. The schemes such as Technology Upgradation Fund Scheme (TUFS), Scheme for Integrated Textile Parks (SITP), Development of Mega Cluster, Integrated Skill Development Scheme (ISDS), Technology Mission of Technical Textiles etc. have been launched with the objective of accelerating growth in exports and investment in the textile sector. The Ministry has also embarked on a Plan Scheme namely the Common Compliance Code to prepare and orient the Indian Garment & Apparel Industry towards socially and environmentally more compliant Industrial environment of globally acceptable standard.

However, more policy initiatives by the government are required in the area of labour policies, availability of trained man power and availability of power.

Source : Ministry of Textiles, and others

#### Performance review:

Pioneer Embroideries Ltd., with manufacturing facilities at seven locations across the country, has a varied and diverse product portfolio, as listed below:

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

Location	Products
Coimbatore-Tamil Nadu.	Embroidered fabrics, Allover fabrics and laces. Braided Laces (made on Bobbin Lace machines)
Gurgaon-Haryana	Product development centre for embroideries.
Kallakurichi, Tamil Nadu	Blended Spun Yarns

#### Dope Dyed Polyester Yarn:

Dope Dyed Polyester Yarn (DDPY) business of your company has continued its good performance. It has again surpassed its projected sales, with turnover increasing by 21% to `21,495 lacs during the year. The operating margins have also improved by over 200 basis points on a higher share of value-added products. Although the EBIDTA margin has improved, it is still under pressure due to high raw material costs and shortage of working capital from the lenders on the expanded capacity during previous year.

The business has also now got a firm foot hold in the lucrative export markets including the highly quality-conscious European market. YOY export sales have grown by 150%. However, the unit has not reached its true potential for the value-added products like twisting, doubling and air texturing of yarns, as some more investments are yet to be made in installing need-based value-add equipment. On making such investments, the unit's profitability is expected to increase notably.

#### Embroidery Business:

Pioneer Embroideries Ltd. operates in a market dominated by unorganized players. The embroidery manufacturing activity has little entry barrier and thus the embroidery market comprises mostly of unorganized players with, your company being one of few exceptions. The strength of Pioneer lies in its product development ability, quality control and manufacturing capability.

Pioneer's product range includes entire range of embroidery products viz. Allover fabric, laces and edgings, Motifs, Guipure and Collars. The products are used in ladies dresses, gowns, kurtas, sarees, ladies undergarments, children's garments, sheeting and home furnishings.

The market for embroidery products had remained flat during the year under report. While the export markets have grown on the back of increased demand from developed economies, the domestic demand has declined, thus offsetting the increase in exports. The actual sales of embroideries division of your company were 88% of the budgets, mainly due to lack of demand. The operations continued to be plagued with working capital shortage and consequent pressure on liquidity. Your company continued its policy of outsourcing production to overcome constraints of its old low speed machines that not only require high maintenance and higher number of labour but are also prone to frequent break downs affecting both production and efficiencies of the segment

#### Braided Laces:

The Braided laces segment, has shown improved results as the market, hereof, is driven by exports. The capacity utilization for the business has thus shown an improvement at Coimbatore plant. The operations at Sarigam, post restructuring and consolidation of operations, have not stabilized and could not achieve the desired levels of production. Your company expects to achieve the same during the current year and the profitability of the business is expected to improve substantially during the current year,

#### Withdrawal from CDR:

The request of the company to restructure the CDR package sanctioned earlier was declined by the CDR lenders and they have withdrawn from CDR during the year. Undaunted by the development, your company is pursuing option of One Time Settlement (OTS) with the individual lenders. During the year, payments to ICICI Bank under OTS, arrived at with them, were completed. The company was also able to arrive at an OTS with State Bank of Patiala during the year and payments are being made to them, as agreed. Your company expects to complete the payment during current year. The company has also actively engaged with State Bank of India, Corporation Bank, SIDBI and HDFC Bank for OTS. Your company expects to arrive at a debt resolution with these banks during the current fiscal. The company has also regularized its accounts with Union Bank of India and Landes Bank during the year.

#### Financial Overview:

Revenue of your Company, for the year ended 31<sup>st</sup> March, 2014 was `27,321.83 lacs. This represents about 14% increase over the revenue for the previous financial year. The increase has been, in part due to a growth in the business of polyester yarn and partly on account of better realizations.

#### Operating Expenses:

Operating expenses for the year ended 31<sup>st</sup> March, 2014 stood at `24,870.54 lacs as against `22,683.25 lacs for the previous financial year.

#### Profits:

The Company has earned a profit of `1,899.13 lacs during the year as against `1,489.32 lacs during the previous financial year, before other income, finance costs, depreciation, tax and exceptional items, primarily due to the improved performance by DDPY. The loss before tax and exceptional items has reduced to `28.55 lacs from a loss of `625.37 lacs during the previous financial year.

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Pioneer Embroideries Limited,

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Pioneer Embroideries Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

7. We draw attention to following Notes having impact on the Financial Statements:
  - a) Note 16.1, 16.2 & 16.3 relating to treatment of investments in subsidiaries aggregating to ₹ 2,214.55 lacs as long term and non provision of erosion in values, though the net worth of all subsidiaries have been fully eroded.
  - b) Note 16.3 (b) considering loan of ₹ 545.41 lacs to Subsidiary S. R Investments Limited as doubtful. The Company has provided ₹ 388.39 lacs as bad debts as per the permission given by RBI.
  - c) Note 11.2, 16.4, 30 & 35 relating to non confirmation of balances, the effect of which is not known.

Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with General Circular no. 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

Place: Mumbai  
Date: May 23, 2014

## Annexure to Auditors' Report

Referred to in paragraph 8 of the Auditors' Report of even date to the members of Pioneer Embroideries Limited on the financial statements for the year ended March 31, 2014.

- i. a. The fixed assets register of the Company is under preparation for the current year updation. It has generally maintained 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 programme, 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 Company has not disposed off any substantial part of its fixed assets so as to affect its status of going concern.
- ii. a. As explained to us the inventories have been physically verified during the year by the management at reasonable intervals and in case of stock lying with outside parties, they have substantially confirmed the same.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification.
- iii. a. As per the information and explanation given to us and the records produced to us for our verification, the Company has granted loans secured or unsecured, to seven such company, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 (Act). The maximum balance outstanding during the year is ` 8,982.49 lacs and the closing balance as on year ending was ` 8,091.86 lacs.
- b. Except the Interest free loan and advances, granted by the Company secured or unsecured loans, the terms and conditions of the loans granted are not prejudicial to the interest of the Company.
- c. As explained to us, payment of principal amount and interest, if any, are on demand basis and there is no repayment schedule.
- d. There is no overdue amount more than ` 1 lac as loans and advances are on demand basis.
- e. As per the information and explanation given to us and the records produced to us for our verification, the Company has not taken any loans and advances, secured or unsecured, from such companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. a. According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business, but needs further strengthening.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prime 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 or complete.
- ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Wealth-tax, Service-tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.  
b. According to the information and explanations given to us, no undisputed amounts payable in respect of Wealth-tax, Service-tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable except Income tax of ₹ 60.31 lacs for A.Y 2007-08 and Fringe benefit tax of ₹ 5.73 lacs for the A.Y. 2007-08, of ₹ 4.66 lacs for the A.Y. 2008-09, of ₹ 9.89 lacs for the A.Y. 2009-10.  
c. According to the information and explanations given to us, details of dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited as on 31st March, 2014 on account of any dispute are given below:

Particulars	Year to which the matter pertains	Forum where matter is pending	Amount (₹ in lacs)
Custom Duty	F.Y. 1997-98	H'ble Supreme Court	18.40
Excise Duty	F.Y. 2001-02	Commissioner Appeal	46.14
Income Tax	Block A.Y. 1999-00 to 2004-05	CIT (Appeals)	49.01
Income Tax	A.Y. 2002-03	CIT (Appeals)	13.33
Income Tax	A.Y. 2010-11	CIT (Appeals)	93.43

- x. The Company has accumulated losses as at the end of the financial year and has not incurred cash losses in the financial year ended on that date. There was cash loss in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks as at the balance sheet date.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has maintained proper records of the transactions and all the investments have been held by the Company in its own name.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by its subsidiary from banks are not prima facie prejudicial to the interest of the Company, except that in view of substantial losses in the subsidiary Hakoba Lifestyle Ltd., the Company might be asked to honor guarantee.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

## PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



PIONEER GROUP

- xvii. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. The Company has not made preferential allotment of shares to companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

Place: Mumbai  
Date: May 23, 2014

## BALANCE SHEET AS AT 31ST MARCH, 2014

(` in lacs)

Particulars	Note	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
1 Shareholders' Funds			
(a) Share Capital	2	4,443.99	4,443.99
(b) Reserves and Surplus	3	8,847.18	4,867.70
2 Non-Current Liabilities			
Long Term Borrowings	4	1,123.96	10,022.55
3 Current Liabilities			
(a) Short Term Borrowings	5	4,901.42	4,578.69
(b) Trade Payables	6	1,850.00	2,127.66
(c) Other Current Liabilities	7	9,414.05	6,651.21
(d) Short Term Provisions	8	495.17	378.21
		<u>31,075.77</u>	<u>33,070.01</u>
<b>II ASSETS</b>			
1 Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		9,640.43	10,240.86
(ii) Intangible Assets		42.79	50.45
iii) Capital Work- in- Progress		345.86	595.54
(b) Non-Current Investments	10	2,659.64	2,659.74
(c) Long Term Loans and Advances	11	2,007.67	2,313.93
(d) Other Non Current Assets	12	31.30	29.19
2 Current Assets			
(a) Inventories	13	2,886.01	3,356.93
(b) Trade Receivables	14	4,655.60	4,616.52
(c) Cash & Cash Equivalents	15	310.98	336.98
(d) Short Term Loans & Advances	16	8,361.21	8,790.64
(e) Other Current Assets	17	134.28	79.23
		<u>31,075.77</u>	<u>33,070.01</u>

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

As per our Report of even date attached herewith  
For M B A H & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

For & on behalf of the Board

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

RAJ KUMAR SEKHANI  
Chairman  
HARSH VARDHAN BASSI  
Managing Director

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in lacs)			
Particulars	Note	Year Ended 31.03.2014	Year Ended 31.03.2013
I Gross Revenue from Operations	18	27,321.83	24,048.89
Less: Excise Duty		-	0.20
Net Revenue from Operations		27,321.83	24,048.69
II Other Income	19	838.60	683.69
III Total Revenue (I + II)		<u>28,160.43</u>	<u>24,732.38</u>
IV Expenses:			
Cost of Raw Materials Consumed	20	16,699.37	15,337.26
Purchases of Stock-in-Trade		346.03	257.70
Changes in Inventories	21	552.16	(123.87)
Employee Benefits Expense	22	2,382.23	2,115.54
Finance Costs	23	1,667.37	1,532.19
Depreciation and Amortization Expenses	9	1,098.91	1,266.18
Other Expenses	24	5,442.91	4,972.75
Total Expenses		<u>28,188.98</u>	<u>25,357.75</u>
V Profit /(Loss) Before Exceptional and Extraordinary Items and Tax (III-IV)		(28.55)	(625.37)
VI Exceptional Items	25	663.30	861.81
VII Profit/(Loss) before Tax (V-VI)		(691.85)	(1,487.18)
VIII Tax Expenses			
Current Tax		-	-
Deferred Tax		-	1,851.00
IX Profit/(Loss) for the year (VII-VIII)		<u>(691.85)</u>	<u>(3,338.18)</u>
X Earning per Equity Share			
(1) Basic		(3.91)	(25.41)
(2) Diluted		(3.91)	(25.41)

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

As per our Report of even date attached herewith  
For M B A H & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

For & on behalf of the Board

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

RAJ KUMAR SEKHANI  
Chairman  
HARSH VARDHAN BASSI  
Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in lacs)

	Year Ended 31ST MARCH, 2014	Year Ended 31ST MARCH, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) before extraordinary items and tax	(691.85)	(1,487.18)
Adjustment for :		
Depreciation and Amortisation	1,098.91	1,266.18
(Profit) on Sale of Assets (net)	(26.40)	(4.26)
Interest Income	(10.79)	(248.17)
Finance Costs	1,667.37	1,532.19
Doubtful Advances written off	388.40	861.81
Assets/CWIP written off	274.90	-
Provision for Erosion in Investments	-	0.06
Liabilities/provisions no longer required written back	(171.97)	(49.22)
Net unrealised exchange gain	(511.54)	(328.36)
Operating Profit / (Loss) before Working Capital Changes	2,708.88	3,030.23
Changes in Working Capital:	2,017.03	1,543.05
Adjustments for (increase) / decrease in operating assets:		
Inventories	470.92	(31.79)
Trade Receivables	(39.08)	98.59
Short Term Loans and Advances	552.56	494.97
Long Term Loans and Advances	334.39	180.27
Other Currents Assets	(55.05)	97.41
Other Non Current Assets	(2.11)	9.83
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	(277.66)	99.84
Other Current Liabilities	3,019.81	2,172.35
Short Term Provisions	116.96	87.00
Cash generated from operation	6,137.77	4,751.52
Net income tax (paid) / refunds	(28.12)	(11.25)
Net Cash from Operating Activities	6,109.65	4,740.27
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure on Fixed Assets, including capital advances	(552.75)	(612.04)
Proceeds from Sale of Fixed Assets (net of advance)	63.11	25.20
Purchase of Long Term Investments - Others	-	(440.00)
Proceeds from Sale of Long Term Investments	0.10	-
Proceeds from Sale of Current Investments	-	30.00
Interest received - Others	10.79	4.71
Net cash from / (used) in Investing Activities	(478.75)	(992.13)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Equity Share Capital (including Share Premium)	-	968.00
Share application money received / (refunded)	-	(968.00)
Proceeds from /(Repayment) of Long Term Borrowing (Net)	(3,869.63)	(2,066.66)
Net increase / (decrease) in Working Capital Borrowings	358.06	79.97
Repayment of Other Short Term Borrowings	(35.33)	(17.49)
Buyback of FCCBs (net of Capital Reserve)	(434.14)	-
Finance Costs	(1,672.94)	(1,534.64)
Unpaid Dividend Account	(2.92)	(3.42)
Net cash used in Financing Activities	(5,656.90)	(3,542.24)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(26.00)	205.90
Cash and Cash Equivalent (Opening balances) as on 31-03-2013	336.98	131.08
Cash and Cash Equivalent (Closing balances) as on 31-03-2014	310.98	336.98

As per our Report of even date attached herewith

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

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

For &amp; on behalf of the Board

RAJ KUMAR SEKHANI  
Chairman

HARSH VARDHAN BASSI  
Managing Director

## NOTES ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

### Note -1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of Financial Statements

The Financial statements are prepared under the historical cost convention, on accrual basis, in compliance with all material aspects of the notified Accounting Standards by Companies (Accounting Standards) Amendment Rules, 2008 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 1.2 Revenue Recognition

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

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

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

#### 1.3 Use of Estimates

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

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

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

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

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

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

#### 1.5 Impairment of assets

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

#### 1.6 Depreciation and Amortization

Depreciation is provided on fixed assets on Straight Line Method at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956. In case of assets acquired during the year, depreciation is charged on pro-rata basis from the date assets have been put to use.

Depreciation on intangible assets is accounted on straight line basis over its 10 years useful life on prorata basis as per Accounting Standard - 6. The lease premium on leasehold land is amortized over the period of lease agreement as per Accounting Standard - 6.

#### 1.7 Exceptional Items

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

#### 1.8 Investments

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

#### 1.9 Inventories

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

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

## NOTES ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

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

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

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

### 1.10 Employee Benefits

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

### 1.11 Borrowing Cost

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

### 1.12 Foreign Currency Transactions

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

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

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

### 1.13 Joint Venture

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

### 1.14 Earning Per Share

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

### 1.15 Taxation

Income-tax expense comprises Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax asset arising mainly on account of unabsorbed depreciation and carry forward losses under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. In view of the uncertainty to have taxable income in immediate future as a prudent, no deferred tax assets are recognized for the year.

### 1.16 Provisions, Contingent Liabilities and Contingent Assets

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

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

### 1.17 Cash Flow Statement

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

NOTE -2 SHARE CAPITAL

a) Details of authorised, issued and subscribed share capital:

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Authorised</b>				
Equity Shares of ₹ 10 each	20,000,000	2,000.00	20,000,000	2,000.00
Preference Shares of ₹ 10/- each	30,000,000	3,000.00	30,000,000	3,000.00
	50,000,000	5,000.00	50,000,000	5,000.00
<b>Issued</b>				
Equity Shares of ₹ 10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10/- each	26,740,830	2,674.08	26,740,830	2,674.08
	44,439,924	4,443.99	44,439,924	4,443.99
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10/- each	26,740,830	2,674.08	26,740,830	2,674.08
	44,439,924	4,443.99	44,439,924	4,443.99

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Equity Shares</b>				
As at the beginning of the financial year	17,699,094	1,769.91	12,915,165	1,291.52
Add: Issued during the year	-	-	4,783,929	478.39
As at the end of the financial year	17,699,094	1,769.91	17,699,094	1,769.91
<b>Preference Shares</b>				
As at the beginning of the financial year	26,740,830	2,674.08	27,553,610	2,755.36
Add: Issued/(Surrendered) during the year	-	-	(812,780)	(81.28)
As at the end of the financial year	26,740,830	2,674.08	26,740,830	2,674.08

Rights, preferences and restrictions attached to Equity Shares:

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

Rights, preferences and restrictions attached to Preference Shares:

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

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Promoters</b>				
Raj Kumar Sekhani	2,045,718	11.56	2,045,718	11.56
<b>Promoters Group</b>				
Pioneer E Com Fashions Ltd.	6,481,726	36.62	6,481,726	36.62

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Others				
State Bank of India	6,325,000	23.65	6,325,000	23.65
Union Bank of India	5,126,360	19.17	5,126,360	19.17
EXIM Bank	4,998,700	18.69	4,998,700	18.69
HDFC Bank	4,263,000	15.94	4,263,000	15.94
State Bank of Patiala	3,750,000	14.02	3,750,000	14.02
Corporation Bank	1,822,770	6.82	1,822,770	6.82

NOTE -3 RESERVE & SURPLUS

Particulars	As at 31.03.2014		As at 31.03.2013	
	As at 31.03.2014		As at 31.03.2013	
Capital Reserve				
Opening Balance	7,584.55		7,485.74	
Add: Consequent to Settlement of Loans	4,671.33		98.81	
Balance as at the end of the year	12,255.88		7,584.55	
Share Premium				
Opening Balance	1,353.64		864.03	
Add: During the year	-		489.61	
Balance as at the end of the year	1,353.64		1,353.64	
Statement of Profit and Loss				
Opening Balance	(4,070.49)		(732.31)	
Add: Profit/(Loss) for the year	(691.85)		(3,338.18)	
Balance as at the end of the year	(4,762.34)		(4,070.49)	
	8,847.18		4,867.70	

NOTE -4 LONG TERM BORROWINGS

Particulars	As at 31.03.2014		As at 31.03.2013	
	As at 31.03.2014		As at 31.03.2013	
Secured Loans				
(i) Term Loans from Banks	-		2,362.68	
(ii) Funded Interest Term Loans from Banks	-		157.57	
(iii) Working Capital Term Loans from Banks	553.44		1,455.19	
(iv) Foreign Currency Term Loans from Banks	518.24		1496.26	
(v) Vehicle Loan from Banks	1.72		0.99	
(Secured by hypothecation of respective vehicle - Terms of Repayment - Equated monthly installment)				
(vi) Other Loans				
Life Insurance Corporation of India (LIC)	50.56		50.56	
(secured by assignment of Keyman Insurance Policy)				
Unsecured Loans				
From Others				
- Foreign Currency Convertible Bonds (FCCBs) (refer Note 28)	-		4,499.30	
	1,123.96		10,022.55	

NOTE -4.1

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

Terms of Repayment : These secured loans were restructured under Corporate Debt Restructuring Scheme (CDR Scheme) w.e.f. 01.10.2008. Above Working Capital Term Loans are repayable in 32 quarterly installments and Foreign Currency Term Loan is repayable in 16 half yearly installments commenced from 01.10.2010 after a moratorium period of 2 years. Interest at 2% to 10% p.a. is charged.

NOTE -5 SHORT TERM BORROWINGS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Secured		
Loans Repayable on Demand		
Cash Credit from Banks	4,901.42	4,543.36
	<u>4,901.42</u>	<u>4,543.36</u>
Unsecured		
Short Term Loans Repayable on Demand		
Inter Corporate Deposits	-	35.33
	<u>-</u>	<u>35.33</u>
	<u>4,901.42</u>	<u>4,578.69</u>

NOTE -5.1

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 Subsidiary Hakoba Lifestyle Limited and personal guarantee of Chairman of the Company.

NOTE -6 TRADE PAYABLES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Trade Payables		
For Goods	1,121.85	1,373.90
For Services / Others	728.15	753.76
	<u>1,850.00</u>	<u>2,127.66</u>

NOTE -7 OTHER CURRENT LIABILITIES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
a) Current maturities of Long Term Debt - Secured		
(i) Term Loans from Banks	3,542.51	2,009.46
(ii) Funded Interest Term Loans from Banks	984.27	949.17
(iii) Working Capital Term Loans from Banks	1,826.97	910.84
(iv) Foreign Currency Term Loans from Banks	830.93	680.68
(v) Vehicle Loans from Bank	1.33	3.39
b) Current maturities of Long Term Debt - Unsecured		
From Bank (refer Note 29)	-	283.95
c) Interest provided		
(i) Term Loans from Banks	786.33	480.88
(ii) Funded Interest Term Loans from Banks	178.44	125.54
(iii) Working Capital Term Loans from Banks	503.23	415.41
(iv) Foreign Currency Term Loans from Banks	106.90	139.24
(v) Vehicle Loans from Bank	-	0.13
(vi) Other Loans		
Life Insurance Corporation of India (LIC)	10.26	5.71
d) Provision for Interest on Secured & Unsecured Bank Loans	8.70	14.27
e) Unpaid Dividends	3.65	6.57
f) Advance from Customers	298.92	270.05
g) Liability for Capital Expenditure	60.92	43.30
h) Book Overdraft	0.52	8.12
i) Statutory Dues	51.57	77.72
j) Remuneration payable to Directors	15.10	21.26
k) To Others	203.50	205.52
	<u>9,414.05</u>	<u>6,651.21</u>

#### NOTE - 7.1

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

Save for the banks, where of term loans are being paid as per schedule, other term loans balances have been considered as current liabilities and included in Note 7(a) above. However, in absence of correspondence the interest has been continued to be provided as per CDR terms.

All these Secured Loans are secured by first pari passu charge over fixed assets of the Company both present & future with each other, except machinery imported from Barmag of Germany for Dope Dyed Polyester Yarn Unit, which is exclusively charged to Landes Bank Baden Wurttemberg, and further secured by second charge over current assets of the Company & by personal guarantee of Chairman of the Company.

#### NOTE - 7.2

Advance from customers includes advance of ₹ 44.18 lacs (₹ 62.54 lacs) received from Kiran Industries Limited, a related enterprise.

#### NOTE -8 SHORT TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Provision For Employee Benefits		
Salary/Wages Payable	330.22	243.58
Contribution to Funds	10.32	14.05
Gratuity Premium	154.63	120.58
	<u>495.17</u>	<u>378.21</u>

#### NOTE -9 FIXED ASSETS

(₹ in lacs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2013	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2014	As at 01.04.2013	ADDITION	DEDUCTION/ADJUSTMENTS	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
1	Tangible Assets:										
	Land - Owned	468.46	-	-	468.46	-	-	-	-	468.46	468.46
	- Leasehold	29.82	-	-	29.82	4.09	0.31	-	4.40	25.42	25.73
2	Buildings	3,467.63	40.96	-	3,508.59	825.59	115.91	-	941.50	2,567.09	2,642.04
	- Lift	34.07	-	-	34.07	7.33	1.62	-	8.95	25.12	26.74
3	Plant & Machineries	13,753.49	423.75	365.70	13,811.54	7,556.91	884.62	330.76	8,110.77	5,700.77	6,196.58
4	Furniture & Fixtures	281.31	0.37	-	281.68	159.87	16.53	-	176.40	105.28	121.44
5	Vehicles	211.98	13.40	3.98	221.40	144.66	19.68	2.21	162.13	59.27	67.32
6	Office Equipments	115.08	1.60	-	116.68	53.78	5.09	-	58.87	57.81	61.30
7	Computers	221.09	6.23	-	227.32	201.50	8.57	-	210.07	17.25	19.59
8	Electrical Installations	816.31	41.22	-	857.53	216.50	38.41	-	254.91	602.62	599.81
9	Borewell	13.83	-	-	13.83	1.98	0.51	-	2.49	11.34	11.85
	Sub Total	19,413.07	527.53	369.68	19,570.92	9,172.21	1,091.25	332.97	9,930.49	9,640.43	10,240.86
10	Intangible Assets:										
	Computer Softwares	78.24	-	-	78.24	27.79	7.66	-	35.45	42.79	50.45
	Sub Total	78.24	-	-	78.24	27.79	7.66	-	35.45	42.79	50.45
	Total	19,491.31	527.53	369.68	19,649.16	9,200.00	1,098.91	332.97	9,965.94	9,683.22	10,291.31
	Previous Year	19,373.49	536.63	418.81	19,491.31	8,331.69	1,266.18	397.87	9,200.00	10,291.31	
	Capital Work-in-progress									345.86	595.54
										10,029.08	10,886.85

#### NOTE 9.1

Capital Work in progress includes:

- a sum of ₹ 22.15 lacs for renovation of machines at Kallakruchi till the assets of Arcot Textile Mill Limited are transferred in favor of the Company.
- a sum of ₹ 323.70 lacs spent for ongoing expansion at Kala-amb and Sarigam unit.

NOTE -10 NON-CURRENT INVESTMENTS

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	` in lacs	Number of shares	` in lacs
Quoted Investments				
In Other Entities				
RLF Limited (listing suspended) (Equity shares of Face Value of ` 10/- each) (Cost ` 5,566/- less provision made ` 5,565/-)	1,000	-	1,000	-
Padmini Technologies Limited (listing suspended) (Equity shares of Face Value of ` 10/- each) (Cost ` 1,756,253/- less provision made ` 1,756,252/-)	68,939	-	68,939	-
Unquoted Investments				
a) Investment in Subsidiaries				
Hakoba Lifestyle Limited (Refer Note 16.1) (Equity shares of Face Value of ` 10/- each)	11,470,000	1,147.00	11,470,000	1,147.00
Mas Embroideries Private Limited (Refer Note 16.2) (Equity shares of Face Value of ` 10/- each)	2,225,200	37.88	2,225,200	37.88
S.R Investments Limited (Refer Note 16.3) (Equity shares of Face Value of USD 1 each)	100,000	1,029.66	1,00,000	1,029.66
Pioneer Realty Limited (Equity shares of Face Value of ` 10/- each)	50,000	5.00	50,000	5.00
b) In Other Entities				
The Greater Bombay Co-op. Bank Limited (Equity shares of Face Value of ` 25/- each)	40	0.01	40	0.01
Crystal Lace India Limited (Equity shares of Face Value of ` 10/- each)	4,400,000	440.00	4,400,000	440.00
c) In Government Securities				
National Saving Certificates (Lodged with Sales Tax Department)	-	0.09	-	0.19
	18,315,179	2,659.64	18,315,179	2,659.74

NOTE -11 LONG TERM LOANS & ADVANCES

Particulars	( ` in lacs)	
	As at 31.03.2014	As at 31.03.2013
a) Capital Advances (unsecured, considered good)	127.43	152.32
b) Security Deposits (unsecured, considered good) Deposit for Others	154.55	154.04
c) Advance Income Tax Paid (net)	99.81	71.69
d) Other Loans and Advances (unsecured, considered good)		
Advances to Arcot Textile Mills Ltd.	975.00	1,080.00
Other Advances for Various Properties	650.88	855.88
	2,007.67	2,313.93

NOTE - 11.1

- a) Capital advance of ₹ 127.43 lacs has been given to building contractors and to suppliers of plant & machineries for expansion project at Dope Dyed Yarn unit at Kala-amb and Embroidery unit at Naroli.
- b) Advances to Arcot Textile Mills Limited (ATML) (a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹ 1,105.00 lacs on lump sum sale basis out of FCCBs funds pursuant to MOU dated 20th December, 2007. The transfer of assets in favour of the Company was subject to deregistration of ATML from BIFR. Due to inordinate delay in deregistration from BIFR, it had been agreed that ATML will return the above advance within reasonable time period vide their confirmation letter dated 5th October, 2012 and accordingly ₹ 105.00 lacs (₹ 25.00 lacs) has been returned by them during the year.

NOTE - 11.2

Other advances of ₹ 650.88 lacs (₹ 855.88 lacs) given to six parties for various properties. As the expected land or properties in all cases may not be conveyanced in favour of the Company, necessary settlements are being made with them. As per the management, said amounts are considered good and fully recoverable. During the year, they have returned ₹ 205.00 lacs to the Company. These balances are subject to confirmation from the parties.

NOTE -12 OTHER NON CURRENT ASSETS

	(₹ in lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
Fixed Deposit		
Fixed Deposit in Banks with more than 12 months maturity	31.30	29.19
	<u>31.30</u>	<u>29.19</u>

NOTE -13 INVENTORIES

	(₹ in lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
(As certified by Management)		
a) Raw Materials	623.35	552.44
b) Work-in-progress	367.22	359.01
c) Finished goods	1,827.21	2,387.58
d) Store & Spares	47.41	27.93
e) Packing Material	20.82	29.97
	<u>2,886.01</u>	<u>3,356.93</u>

NOTE -14 TRADE RECEIVABLES

	(₹ in lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
Unsecured		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	2,456.47	2,595.17
Others		
Considered Good	2,199.13	2,021.35
	<u>4,655.60</u>	<u>4,616.52</u>

NOTE -14.1

Trade receivable includes outstanding from:

- a) Subsidiary Hakoba Lifestyle Ltd of ₹ 1,546.97 lacs (₹ 1,546.97 lacs) since long time.
- b) Related enterprise Kiran Industries Ltd. of ₹ 0.35 lacs (₹ 3.87 lacs).
- c) Related enterprise Thakurdas & Co. Pvt. Ltd. of ₹ 49.69 lacs (₹ 21.88 lacs).

NOTE -15 CASH & CASH EQUIVALENTS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
a) Balances with Banks		
In Current Accounts	276.25	299.57
b) Cash in hand	34.73	37.41
	<u>310.98</u>	<u>336.98</u>

NOTE -16 SHORT TERM LOANS & ADVANCES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Short Term Loan & Advances to Related Parties		
Loans and Advances to Subsidiaries/JV (unsecured, considered good)		
Hakoba Lifestyle Ltd.	1,314.51	1,291.04
Mas Embroideries Pvt. Ltd.	78.79	81.01
Pioneer Realty Ltd.	51.62	51.09
S.R Investments Ltd. (considered doubtful)	545.41	845.07
Super Industries DMCC (JV)	4,449.83	4,027.02
Loans and Advances to Related Parties (unsecured, considered good)		
Pioneer E-com Fashion Ltd.	1,075.47	1,075.47
Crystal Lace (I) Ltd.	576.23	1,139.98
Short Term Loan & Advances to Other Parties		
Advances recoverable in cash or in kind	149.87	156.70
Loan & Advance to Staff	44.09	63.93
Prepaid Expenses	14.75	17.93
Other Advances and Balances	60.64	41.40
	<u>8,361.21</u>	<u>8,790.64</u>

NOTE - 16.1

The Company has an investment of ` 1,147.00 lacs (` 1,147.00 lacs) in Hakoba Lifestyle Limited (HLL), a subsidiary of the Company and it also has trade receivable of ` 1,546.97 lacs (` 1,546.97 lacs) and loans and advances of ` 1,314.51 lacs (` 1,291.04 lacs) recoverable from HLL. The accumulated losses of HLL as at 31st March, 2014 amounting to ` 7,379.63 lacs have exceeded the net worth of the said Company. Having regard to the long term strategic investment, the diminution in the value of investments is considered to be temporary and accordingly no provision has been made.

NOTE - 16.2

The Company has an investment of ` 37.88 lacs (` 37.88 lacs) in Mas Embroideries Private Limited (MAPL), a wholly owned subsidiary of the Company and it also has given loans and advances of ` 78.79 lacs (` 81.01 lacs) to MAPL. The accumulated losses of MAPL as at 31st March, 2014 amounting to ` 327.87 lacs have exceeded the net worth of the said company. Having regard to the long term strategic investment, the diminution in the value of investments is considered to be temporary and accordingly no provision has been made.

NOTE - 16.3

- The Company had invested USD 2.585 mn. (` 1,029.66 lacs) in its wholly owned overseas subsidiary S.R Investments Limited (SRIL). The accounting year of SRIL closes on 30th June every year.
- The Company had advanced an optionally convertible loan of USD 2.20 mn. to SRIL out of FCCBs funds. The Company has written off USD 0.65 mn. (USD 0.65 mn.) as bad debts out of the same as per permission given by RBI as SRIL has no resources / income to repay the same. The outstanding loan as at the year end is ` 545.41 lacs (` 845.07 lacs).

NOTE - 16.4

- The Company had invested USD 1.26 mn. (` 509.92 lacs) in an overseas Joint Venture with M/s Super Industries DMCC to acquire 10% stake thereof and further advanced an optionally convertible loan of USD 3.70 mn. (` 2,223.69 lacs) out of FCCBs funds. As the Joint Venture failed, the said investment was treated as loan by the Company.
- As per the management, the said loan is good for recovery. In view of non receipt of service charges, the Company has not provided service charges during the year. This outstanding balance is subject to confirmation.

NOTE - 16.5

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

NOTE - 16.6

- a) The loans and advances includes ₹ 498.78 lacs (₹ 1,139.98 lacs) receivable from Crystal Lace (India) Ltd (CLIL) being the amount outstanding against a loan of ₹ 1,534.00 lacs advanced to the said Company against proposed purchase of then Plant & Machineries in the period 2007-08. As the transaction did not materialize, the amount is being repaid by CLIL.
- b) The Company has not provided the accumulated interest of ₹ 1,012.48 lacs (₹ 883.33 lacs) on the aforesaid loan and income is understated to that extent in the current year.

NOTE -17 OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
(Unsecured, considered good)		
Other Loans and Advances		
Accrued Export and Other Incentives	118.95	58.65
Interest Receivables (TUF)	15.33	20.58
	<u>134.28</u>	<u>79.23</u>

NOTE -18 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Sale of Products - Yarn, Embroidery Fabric & Laces*		
Domestic Sales	23,205.18	22,379.57
Export Sales	3,609.45	1,542.75
Other Operating Revenue (Export Incentives)	507.20	126.57
Gross Revenue from Operations	<u>27,321.83</u>	<u>24,048.89</u>
Less: Excise duty	-	0.20
	<u>27,321.83</u>	<u>24,048.69</u>

\*Detail of Sale of Products

(₹ in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Manufactured Goods		
Dope Dyed Polyester Yarn	21,211.78	17,688.74
Embroidered Fabric & Laces	4,716.57	5,121.60
Spun Yarn	<u>324.26</u>	<u>854.29</u>
	<u>26,252.61</u>	<u>23,664.63</u>
Traded Goods		
Embroidered Fabric & Laces	562.02	257.69
	<u>562.02</u>	<u>257.69</u>
	<u>26,814.63</u>	<u>23,922.32</u>

NOTE -18.1

Sales includes Sales made to related enterprises M/s J J Sons ₹ 67.96 lacs (₹ 111.29 lacs) and Thakurdas & Co. Ltd. ₹ 198.40 lacs (₹ 16.25 lacs).

NOTE -19 OTHER INCOME

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest on Loans to Subsidiary/JV	-	243.46
Interest on Others	10.79	4.71
Adjustments to Carrying Amount of Loan given to Subsidiary/JV(Net)	511.54	328.36
Profit on Fixed Assets sold (Net)	26.40	4.26
Liabilities/Provisions no longer required written back	171.97	49.22
Misc. Non Operating Income (Net)	9.71	6.39
Gain on Exchange Rate Difference (Net)	108.19	47.29
	<u>838.60</u>	<u>683.69</u>

NOTE -20 COST OF MATERIAL CONSUMED

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Cost of Raw Material Consumed		
Opening Stock	552.44	648.74
Purchases during the year	<u>16,770.28</u>	<u>15,240.96</u>
	17,322.72	15,889.70
Less:- Closing Stock	<u>623.35</u>	<u>552.44</u>
	<u>16,699.37</u>	<u>15,337.26</u>

NOTE -20.1

Trade Purchases includes purchases made from related enterprises M/s J J Sons ` 22.35 lacs (` 1.30 lacs) and Kiran Industries Ltd. ` 28.81 lacs (` 4.04 lacs).

NOTE -21 CHANGE IN INVENTORIES

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Opening Inventories		
Work-in-Progress	359.01	303.35
Finished Goods	<u>2,387.58</u>	<u>2,319.37</u>
	<u>2,746.59</u>	<u>2,622.72</u>
Less: Closing Inventories		
Work-in-Progress	367.22	359.01
Finished Goods	<u>1,827.21</u>	<u>2,387.58</u>
	<u>2,194.43</u>	<u>2,746.59</u>
	<u>552.16</u>	<u>(123.87)</u>

NOTE -22 EMPLOYEE BENEFITS EXPENSE

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
a) Salaries, Wages and Incentives	2,208.67	1,948.36
b) Contribution to Funds	66.29	58.98
c) Staff Welfare Expenses	<u>107.27</u>	<u>108.20</u>
	<u>2,382.23</u>	<u>2,115.54</u>

NOTE -23 FINANCE COSTS

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest expense		
a) Interest on Borrowings	1,432.33	1,449.26
b) Interest on late payment of Taxes	0.48	9.46
c) Other Borrowing Costs	31.79	35.65
d) Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	202.77	37.82
	<u>1,667.37</u>	<u>1,532.19</u>

NOTE -24 OTHER EXPENSES

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Director Remuneration	80.55	80.47
Directors Sitting Fees	0.20	0.33
Donations	0.10	0.46
Insurance	23.91	27.64
Job Charges	257.94	388.67
Legal & Professionals Fees	99.39	96.35
Miscellaneous Expenses	535.27	518.38
Packing Material Consumed	879.12	793.31
Payment to Auditors*	12.95	14.49
Power & Fuel	1,901.50	1,662.54
Rates & Taxes	20.23	30.63
Rent	97.18	97.66
Repair & Maintenance Buildings	22.00	12.74
Repair & Maintenance Others	58.55	53.92
Repair & Maintenance Plant & Machinery	59.91	73.78
Selling Expenses	1,112.04	876.08
Store & Spares Consumed	282.07	245.30
	<u>5,442.91</u>	<u>4,972.75</u>

\* Details of payment to Auditors

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
a) for Statutory Audit	12.92	12.92
b) for Taxation Matter	-	1.12
c) for Other Services	0.03	0.45
	<u>12.95</u>	<u>14.49</u>

NOTE -25 EXCEPTIONAL ITEMS

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Doubtful Advances written off	388.40	861.81
Assets/CWIP written off	274.90	-
	<u>663.30</u>	<u>861.81</u>

NOTE -25.1

Company has written off advances to subsidiary S R Investments Ltd of ` 388.39 lacs (` 815.04 lacs) as per permission given by RBI as management find it non recoverable.

NOTE - 26 CONTINGENT LIABILITIES

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
a) Bank Guarantees Outstanding.	52.64	29.98
b) Corporate Guarantees on behalf of Subsidiary to Banks.	3,050.00	3,050.00
c) Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances).	17.50	142.34
d) Assessment Order of Customs Duty for Import of second hand computerised embroidery machines for which appeal has been filed with Honorable Supreme Court (Net of advances).	18.40	40.90
e) Demand raised by Excise Department in respect of which appeal has been filed.	46.14	46.14
f) Demand raised by Income-tax Department in Block Assessment order U/s 158A for the period from FY 1998-99 to FY 2003-04 in respect of which appeal has been filed with CIT (Appeal).	49.01	49.01
g) Other Income Tax matters pending in appeal.	106.76	13.33
h) Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS).	1,323.68	1,083.01
i) Custom Duty on Capital Goods and Raw Materials imported under Advance Licence / EPCG Scheme, against which export obligation is to be fulfilled.	32.12	345.24
j) Service Tax demand raised by the Service Tax Department.	128.08	128.08
k) Demand raised by Bennet Coleman & Co Ltd for converting equity options into debt of subsidiary for which arbitration proceedings are pending.	1,059.00	1,059.00
l) There are some Labour Cases in Labour Court and Industrial Court regarding overtime, backwages and reinstatement to which the Company is contesting. Quantum is not ascertainable.	N A	N A

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

NOTE 27 Loans and Advances includes amount due from Subsidiaries / JV:

(` in lacs)

Particulars	Current Year 31-03-2014		Previous Year 31-03-2013	
	Closing Balance	Maximum due	Closing Balance	Maximum due
a) Hakoba Lifestyle Limited	1,314.50	1,339.51	1,291.04	1,291.04
b) Mas Embroideries Private Limited	78.79	81.01	81.01	84.99
c) S.R Investments Limited	545.51	845.07	845.07	1,556.01
d) Pioneer Realty Limited	51.62	51.62	51.09	51.09
e) Super Industries DMCC (JV)	2,980.95 (Loan) 1,468.88 (Service Charges)	4,449.83	2,697.71 (Loan) 1,329.31 (Service Charges)	4,027.02

NOTE 28 Foreign Currency Convertible Bonds (FCCBs) :

The Company has extinguished its balance outstanding FCCB's of USD 11 million during the year by making payment of USD 0.7 million (` 434.14 lacs) being the amount of settlement arrived with the bond holders. The amount of USD 10.3 million (` 4,065.16 lacs) being the difference of face value and settlement amount has been waived off and is treated as non-monetary transaction and has been credited to Capital Reserve as per the expert opinion taken by the management in the past.

NOTE 29 An amount of `88.36 lacs waived under OTS with Development Credit Bank Ltd. has been credited to Capital Reserve as per the expert opinion taken by the management in the past.

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

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

NOTE 32 a) As reported in earlier years, the Company had entered into a Corporate Debt Restructuring scheme (CDR Scheme) with its lenders. As the Company was unable to meet its obligations under CDR Scheme since second quarter of FY 2011-12, the lenders have revoked the CDR package, with approval of CDR-EG. State Bank of India (SBI) has issued demand notice for recovery of their outstanding dues under SARFAESI. The Company, however, continues to explore settlement/restructuring options with individual lenders including SBI.



- b) The Company has fully paid off dues of ICICI Bank Ltd., one of CDR lender, in terms of OTS arrived with the bank. Accordingly the Company has reversed the interest liability of ₹ 171.97 lacs and the principal amount of ₹ 517.81 lacs. As per the legal expert opinion in the past, the Company has treated the interest reversal as monetary item and has credited to Statement of Profit and Loss and has treated the principal amount as non-monetary item and has credited to Capital Reserve.
- c) In terms of a OTS with State Bank of Patiala, another CDR lender, the Company has to pay a sum of ₹ 850.00 lacs, in full and final settlement of the Bank's dues on or before May 31, 2014. The Company has already paid a sum of ₹ 580.00 lacs out of the said amount during the year. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.

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

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

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

NOTE 36 Dues to Small Scale Industries undertakings and dues to Micro Enterprises and Small Enterprises:  
The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since, the relevant information is not readily available; no disclosures have been made in the Accounts. However, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.

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

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

- a) The Company has recognized ₹ 45.52 lacs in the statement of Profit and Loss for the year ended 31st March, 2014 under Defined Contribution Plan.
- b) Details of Defined Benefit Plan:

Particulars	(₹ in lacs)			
	31st March, 2014		31st March, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>I Changes in Present Value of Obligations</b>				
a) Present Value of Obligation as at the beginning of the year*	118.25	32.70	71.00	-
b) Interest Cost	9.22	2.42	5.72	-
c) Current Service Cost	30.21	28.58	24.68	20.60
d) Benefits Paid	(7.51)	(5.11)	-	(8.09)
e) Actuarial (Gain)/Loss on Obligation	4.46	(29.37)	16.86	20.18
f) Present Value of Obligation as at the end of the year	154.63	29.22	118.25	32.70
<b>II Changes in Fair Value of Plan Assets</b>				
a) Fair Value of Plan Assets at beginning of the year	-	-	-	-
b) Adjustment to Opening Fair Value of Plan Assets	-	-	-	-
c) Expected Return on Plan Assets	-	-	-	-
d) Contributions	7.51	5.11	-	8.09
e) Benefit Paid	(7.51)	(5.11)	-	(8.09)
f) Actuarial Gain/(Loss) on Plan Assets	-	-	-	-
g) Fair Value of Plan Assets as at the end of the year	-	-	-	-
<b>III Amounts to be recognized in the Balance Sheet</b>				
a) Present Value of Obligation at end of the year	154.63	29.22	118.25	32.70
b) Fair Value of Plan Assets at end of the year	-	-	-	-
c) Funded Status	(154.63)	(29.22)	(118.25)	(32.70)
d) Unrecognized Actuarial Gain/(Loss)	-	-	-	-
e) Net Asset/(Liability) recognized in the Balance Sheet	(154.63)	(29.22)	(118.25)	(32.70)



(` in lacs)

Particulars	31st March, 2014		31st March, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
IV Expense recognized in the Statement of P & L				
a) Current Service Cost	30.21	28.58	24.68	20.60
b) Interest Cost	9.22	2.42	5.72	-
c) Expected Return on Plan Assets	-	-	-	-
d) Net Actuarial (Gain)/Loss recognized for the year	4.46	(29.37)	16.86	20.18
e) Expense recognized in the Statement of P & L	43.89	1.63	47.25	40.79
V Actuarial Assumptions				
a) Discount Rate (%)	9.10	9.10	8.05	8.05
b) Rate of Increase in Compensation (%)	7.50	7.50	7.50	7.50
c) Expected Rate of Return on Plan Assets (%)	7.50	7.50	7.50	7.50

NOTE 39 Earning per Equity Share

Particulars	Year Ended	Year Ended
	31.03.2014	31.03.2013
Net Profit/(Loss) for the year attributable to Equity Shareholders (` in lacs)	(691.85)	(3,338.18)
Weighted Average Number of Equity Shares of `10/- each (fully paid-up)	17,699,094	13,137,978
Earning per Share- Basic & Diluted (`)	(3.91)	(25.41)

NOTE 40 Related Party Disclosures :

a) Names of Related Parties and Nature of Relationships

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

b) Transactions during the year

( ` in lacs)		
Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
i) Sales		
Relative of Key Management Personnel & their enterprises	226.35	127.56
ii) Purchases		
Relative of Key Management Personnel & their enterprises	51.17	8.66
iii) Income from Service Charges/Interest on Loans		
Joint Venture	-	243.46
iv) Payment for Other Services		
Associate Concerns (Rent)	-	1.35
Key Management Personnel (Remuneration to Whole Time Directors)	80.45	80.47
Relative of Key Management Personnel & their Enterprises	6.69	4.73
v) Share Application Money Received/(adjusted)		
Associate Concerns	-	(968.00)
vi) Equity Share Issued (including premium)		
Associate Concerns	-	968.00
vii) Balance outstanding as at the year end		
Subsidiaries	6,399.79 Dr	3,815.18 Dr
Associate Concerns	1,662.82 Dr	2,275.85 Dr
Joint Venture	4,449.83 Dr	4,027.02 Dr
Key Management Personnel	5.09 Cr	21.26 Cr
Relative of Key Management Personnel & their enterprises	4.17 Dr	14.97 Cr

NOTE - 41 Additional Information

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

Particulars	%	31-03-2014 ` in lacs	%	31-03-2013 ` in lacs
Raw Material/Purchases:				
Imported	1.44	245.60	1.56	243.86
Indigenous	98.56	16,799.80	98.44	15,351.09
Store & Spares:				
Imported	4.53	12.78	3.29	8.06
Indigenous	95.47	269.29	96.71	237.24
Particulars		Year Ended 31.03.2014 ` in lacs		Year Ended 31.03.2013 ` in lacs

b) Value of Imports on CIF Basis:

Raw Materials	249.91	285.43
Capital Goods	19.23	10.57
Stores & Spares	12.79	14.05



Particulars	Year Ended 31.03.2014 ` in lacs	Year Ended 31.03.2013 ` in lacs
c) Expenditure in Foreign Currency (On Payment basis) :		
Travelling	17.43	4.98
Professional & Technical Services	23.35	12.15
Interest Paid	53.50	12.69
Bank Charges	-	0.01
Selling Expenses	8.46	10.21
d) Earnings in Foreign Currency :		
Export Turnover (Net)	3,609.45	1,542.75
Interest/Service Charges	-	243.46

NOTE - 42 The previous year's figure have been regrouped and reclassified to confirm to current year's classification.

As per our Report of even date attached herewith  
For M B A H & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

For & on behalf of the Board

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

RAJ KUMAR SEKHANI  
Chairman

HARSH VARDHAN BASSI  
Managing Director

## SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY

(` in lacs)

Sr. No.	Particulars	Name of Subsidiary			
		Hakoba Lifestyle Ltd.	Mas Embroideries Pvt. Ltd.	Pioneer Reality Ltd.	S.R Investments Ltd @
(a)	Capital	1,349.41	222.52	5.00	60.10
(b)	Reserve	(6,523.04)	(296.69)	(6.41)	(995.97)
(c)	Total Assets	3,073.01	4.94	50.39	33.38
(d)	Total Liabilities	3,073.01	4.94	50.39	33.38
(e)	Investment other than Investment in Subsidiary	-	-	-	32.03
(f)	Turnover	-	-	-	-
(g)	Profit before Taxation	(33.74)	(0.44)	(0.29)	451.74
(h)	Provision for Taxation	-	-	-	-
(i)	Profit after Taxation	(33.74)	(0.44)	(0.29)	451.74
(j)	Proposed Dividend	-	-	-	-

@ Balance Sheet and Profit/(Loss) items are translated at closing exchange rate of ` 60.0998.

## CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To,  
The Board of Directors of Pioneer Embroideries Limited,

1. We have audited the accompanying consolidated financial statements (the "consolidated financial statements") of Pioneer Embroideries Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit & Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

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

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. a) We have relied on un-audited financial statements of foreign subsidiary namely S.R Investments Limited, included in the consolidated financial statements, which constitute total assets of ₹ (716.57) lacs as at March 31, 2014, total revenue of ₹ nil, net profit of ₹ (77.66) lacs and net cash outflows amounting to ₹ nil for the year then ended. These un-audited financial statements have been furnished to us by the management and we are unable to comment on the same since it remains un-audited.  
b) We did not audit the financial statements of one subsidiary Mas Embroideries Limited, included in the consolidated financial statements, which constitute total assets of ₹ (74.17) lacs as at March 31, 2014, total revenue of ₹ nil, net profit of ₹ (0.44) lac and net cash outflows amounting to ₹ nil for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

7. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956.
8. In our opinion, and to the best of our information and according to the explanations given to us, except for the effects of the matters described in paragraph 5, the accompanying consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:  
(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;  
(b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and  
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

9. We draw attention to following Notes having impact on the consolidated Financial Statements:  
a) Note 17.5 relating to lapsed advertising expenses of ₹ 506.18 lacs and non compliance of equity treaty with Bennett Coleman & Co. Ltd.  
b) Note 24.1 relating to non provision of interest by Subsidiary Hakoba Lifestyle Ltd on loan from lenders, under negotiation for settlement.  
c) Note 12.2, 12.3, 17.1, 17.4, 31 & 36 relating to non confirmation of balances, the effect of which is not known.  
Our opinion is not qualified in respect of these matters.

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

MAHESH BHAGERIA  
Partner  
Membership Number: 034499

Place : Mumbai  
Date : May23, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

( ` in lacs)			
Particulars	Note	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
1 Shareholders' Funds			
(a) Share Capital	2	4,443.99	4,443.99
(b) Reserves and Surplus	3	2,957.41	(946.58)
2 Non-Current Liabilities			
(a) Long Term Borrowings	4	1,344.56	10,240.16
(b) Other Long Term Liabilities	5	7.56	7.56
3 Current Liabilities			
(a) Short Term Borrowings	6	9,945.06	9,629.61
(b) Trade Payables	7	1,925.12	2,227.89
(c) Other Current Liabilities	8	9,488.88	6,728.77
(d) Short Term Provisions	9	495.17	378.21
		<u>30,607.75</u>	<u>33,709.61</u>
<b>II ASSETS</b>			
1 Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		9,812.59	10,435.76
(ii) Intangible Assets		81.51	107.23
iii) Capital Work- in- Progress		345.86	595.54
(b) Goodwill (on consolidation)		1,067.13	1,067.13
(c) Non-Current Investments	11	465.11	818.31
(d) Long Term Loans and Advances	12	2,226.88	2,533.07
(e) Other Non Current Assets	13	44.01	41.90
2 Minority Interest		776.04	770.98
3 Foreign Currency Translation Reserve		290.96	286.96
4 Current Assets			
(a) Inventories	14	2,963.10	3,434.02
(b) Trade Receivables	15	4,126.32	4,119.85
(c) Cash & Cash Equivalents	16	389.70	361.61
(d) Short Term Loans & Advances	17	7,884.27	8,058.02
(e) Other Current Assets	18	134.27	79.23
		<u>30,607.75</u>	<u>32,709.61</u>

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

As per our Report of even date attached herewith  
For M B A H & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

For & on behalf of the Board

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

RAJ KUMAR SEKHANI  
Chairman  
HARSH VARDHAN BASSI  
Managing Director

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in lacs)			
Particulars	Note	Year Ended 31.03.2014	Year Ended 31.03.2013
I Gross Revenue from Operations	19	27,321.83	24,127.59
Less: Excise Duty		-	0.67
Net Revenue from Operations		27,321.83	24,127.39
II Other Income	20	762.49	678.79
III Total Revenue (I + II)		28,084.32	24,806.18
IV Expenses:			
Cost of Raw Materials Consumed	21	16,699.37	15,577.17
Purchases of Stock-in-Trade		346.03	257.69
Changes in Inventories	22	552.16	(66.03)
Employee Benefits Expense	23	2,382.23	2,116.38
Finance Costs	24	1,667.44	2,234.56
Depreciation and Amortization Expenses	10	1,139.72	1,309.59
Other Expenses	25	5,441.79	5,014.11
Total Expenses		28,228.74	26,443.47
V Profit/(Loss) Before Exceptional and Extraordinary Items and Tax (III-IV)		(144.42)	(1,637.29)
VI Exceptional Items	26	628.00	46.76
VII Profit/(Loss) before Tax (V-VI)		(772.42)	(1,684.05)
VIII Tax Expenses			
Current Tax		-	-
Deferred Tax		-	1,851.00
Short provision relating earlier year tax		-	0.19
IX Net Profit/(Loss) before Minority Interest (VII-VIII)		(772.42)	(3,535.24)
X Minority Interest		(5.06)	(150.80)
XI Profit/(Loss) for the year (IX-X)		(767.36)	(3,384.44)
XII Earning per Equity Share			
(1) Basic		(4.34)	(25.76)
(2) Diluted		(4.34)	(25.76)

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

As per our Report of even date attached herewith  
For M B A H & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

For & on behalf of the Board

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

RAJ KUMAR SEKHANI  
Chairman  
HARSH VARDHAN BASSI  
Managing Director

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (₹ in lacs)

	Year Ended 31ST MARCH, 2014	Year Ended 31ST MARCH, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) before extraordinary items and tax	(772.42)	(1,684.05)
Adjustment for :		
Depreciation and Amortisation	1,139.72	1,309.59
(Profit) on Sale of Assets (net)	(26.40)	(4.26)
Interest Income	(10.79)	(249.06)
Finance Costs	1,667.44	2,234.56
Doubtful Advances written off	-	46.76
Assets / CWIP written off	274.90	-
Impairment/Loss on reduction in share capital	353.10	-
Provision for Erosion in Investments	-	0.06
Liabilities/provisions no longer required written back	(184.60)	(49.21)
Net unrealised exchange gain	(422.81)	(322.59)
Operating Profit / (Loss) before Working Capital Changes	2,790.56	2,965.85
Changes in Working Capital:	2,018.14	1,281.80
Adjustments for (increase) / decrease in operating assets:		
Inventories	470.92	265.96
Trade Receivables	(6.47)	225.73
Short Term Loans and Advances	595.56	617.62
Long Term Loans and Advances	334.31	189.12
Other Currents Assets	(55.04)	97.41
Other Non Current Assets	(2.11)	8.94
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	(302.77)	(91.61)
Other Current Liabilities	3,017.09	2,166.92
Other Long Term Liabilities	-	(0.03)
Short Term Provisions	116.96	87.00
Cash generated from operation	4,169.45	3,567.06
	6,187.59	4,848.86
Net income tax (paid) / refunds	(28.12)	(11.44)
Net Cash from Operating Activities	(28.12)	(11.44)
	6,159.47	4,837.42
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure on Fixed Assets, including capital advances	(552.75)	(612.05)
Proceeds from Sale of Fixed Assets (net of advance)	63.10	25.20
Purchase of Long Term Investments - Others	-	(440.00)
Proceeds from Sale of Long Term Investments	0.10	-
Proceeds from Sale of Current Investments	-	30.00
Interest received - Others	10.79	5.59
Foreign Currency Translation Reserve	(4.00)	(100.59)
Net cash from / (used) in Investing Activities	(482.76)	(1,091.85)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Equity Share Capital (including Share Premium)	-	968.00
Share application money received / (refunded)	-	(968.00)
Proceeds from / (Repayment) of Long Term Borrowing (Net)	(3,854.01)	(2,066.95)
Net increase / (decrease) in Working Capital Borrowings	373.05	751.77
Repayment of Other Short Term Borrowings	(57.60)	4.77
Buyback of FCCBs (net of Capital Reserve)	(434.14)	-
Finance Costs	(1,673.00)	(2,235.50)
Unpaid Dividend Account	(2.92)	(3.41)
Net cash used in Financing Activities	(5,648.62)	(3,549.38)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	28.09	196.19
Cash and Cash Equivalent (Opening balances) as on 31-03-2013	361.61	165.42
Cash and Cash Equivalent (Closing balances) as on 31-03-2014	389.70	361.61

As per our Report of even date attached herewith

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

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

For & on behalf of the Board

RAJ KUMAR SEKHANI  
Chairman

HARSH VARDHAN BASSI  
Managing Director

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

### Note -1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

- The financial statement of the subsidiaries used in the consolidation is drawn on the same reporting date as that of parent company, i.e. year ended 31st March, 2014. The financial statements of S.R Investments Limited, which is a foreign subsidiary, are un-audited, which is not in accordance with the Accounting Standard 21- Consolidated Financial Statements.
- The financial statements are set out and prepared under significant accounting policies of Pioneer Embroideries Limited and its subsidiaries. Mostly the accounting policies of the holding company and subsidiaries (except where mentioned) are in similar lines, but where ever there is a difference than it is specifically mentioned in the below notes.

#### 1.2 Principles of Consolidation

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

Name of Company	Country of Incorporation	Extent of Company's Interest	
		As at 31.03.14	As at 31.03.13
Hakoba Lifestyle Limited	India	85%	85%
Mas Embroideries Private Limited	India	100%	100%
Pioneer Realty Limited	India	100%	100%
S.R Investments Limited	Mauritius	100%	100%

#### 1.3 Consolidation of Foreign Subsidiary

Foreign Subsidiary accounts viz S.R Investments Limited has been audited as on 30th June, 2013. For the purpose of the consolidation, the accounts have been prepared by the management as on 31st March, 2014, on the basis of audited accounts. Financial Statements figures are converted into rupees on the basis of closing rate of foreign currency as on 31st March, 2014.

#### 1.4 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE -2 SHARE CAPITAL

a) Details of authorised, issued and subscribed share capital:

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Authorised</b>				
Equity Shares of ₹ 10 each	20,000,000	2,000.00	20,000,000	2,000.00
Preference Shares of ₹ 10/- each	30,000,000	3,000.00	30,000,000	3,000.00
	50,000,000	5,000.00	50,000,000	5,000.00
<b>Issued</b>				
Equity Shares of ₹ 10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10/- each	26,740,830	2,674.08	26,740,830	2,674.08
	44,439,924	4,443.99	44,439,924	4,443.99
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10 each	17,699,094	1,769.91	17,699,094	1,769.91
9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10/- each	26,740,830	2,674.08	26,740,830	2,674.08
	44,439,924	4,443.99	44,439,924	4,443.99

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
<b>Equity Shares</b>				
As at the beginning of the financial year	17,699,094	1,769.91	12,915,165	1,291.52
Add: Issued during the year	-	-	4,783,929	478.39
As at the end of the financial year	17,699,094	1,769.91	17,699,094	1,769.91
<b>Preference Shares</b>				
As at the beginning of the financial year	26,740,830	2,674.08	27,553,610	2,755.36
Add: Issued/(Surrendered) during the year	-	-	(812,780)	(81.28)
As at the end of the financial year	26,740,830	2,674.08	26,740,830	2,674.08

Rights, preferences and restrictions attached to Equity Shares:

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

Rights, preferences and restrictions attached to Preference Shares:

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

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Promoters</b>				
Raj Kumar Sekhani	2,045,718	11.56	2,045,718	11.56
<b>Promoters Group</b>				
Pioneer E-Com Fashions Ltd.	6,481,726	36.62	6,481,726	36.62

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Others				
State Bank of India	6,325,000	23.65	6,325,000	23.65
Union Bank of India	5,126,360	19.17	5,126,360	19.17
EXIM Bank	4,998,700	18.69	4,998,700	18.69
HDFC Bank	4,263,000	15.94	4,263,000	15.94
State Bank of Patiala	3,750,000	14.02	3,750,000	14.02
Corporation Bank	1,822,770	6.82	1,822,770	6.82

NOTE -3 RESERVE & SURPLUS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Capital Reserve		
Opening Balance	7,584.55	7,485.74
Add: Consequent to Settlement of Loans	4,671.33	98.81
Balance as at the end of the year	12,255.88	7,584.55
Share Premium		
Opening Balance	1,353.64	864.03
Add: During the year	-	489.61
Balance as at the end of the year	1,353.64	1,353.64
Statement of Profit and Loss		
Opening Balance	(9,884.76)	(6,500.33)
Add: Profit/(Loss) for the year	(767.35)	(3,384.43)
Balance as at the end of the year	(10,652.11)	(9,884.76)
	2,957.41	(946.58)

NOTE -4 LONG TERM BORROWINGS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Secured Loans		
(i) Term Loans from Banks	6.65	2,369.33
(ii) Funded Interest Term Loans from Banks	-	157.57
(iii) Working Capital Term Loans from Banks	553.44	1,455.19
(iv) Foreign Currency Term Loans from Banks	518.24	1496.26
(v) Vehicle Loan from Banks	1.72	0.99
(Secured by hypothecation of respective vehicle - Terms of Repayment - Equated monthly installment)		
(vi) Other Loans		
Life Insurance Corporation of India (LIC)	50.56	50.56
(secured by assignment of Kenyan Insurance Policy)		
Unsecured Loans		
From Others		
Foreign Currency Convertible Bonds (FCCBs) (refer Note 29)	-	4,499.30
Raj Kumar Sekhani (HUF) (Related Party)	2.50	2.50
Pooja Equiressearch Pvt. Ltd.	100.00	100.00
Yamini Suppliers Pvt. Ltd.	80.00	80.00
Others	31.45	28.46
	1,344.56	10,240.16

NOTE -4.1

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

Term loan from SBI in subsidiary is Secured by hypothecation of moveable assets and further secured by personal guarantee of Chairman and corporate guarantee of Pioneer Embroideries Ltd. Said term loan has become Non Performing Assets (NPA) and bank has filed the case in Debt Recovery Tribunal.

Terms of Repayment : These secured loans were restructured under Corporate Debt Restructuring Scheme (CDR Scheme) w.e.f. 01.10.2008. Above Working Capital Term Loans are repayable in 32 quarterly instalments and Foreign Currency Term Loan is repayable in 16 half yearly instalments commenced from 01.10.2010 after a moratorium period of 2 years. Interest at 2% to 10% p.a. is charged.

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

NOTE -5 OTHER LONG TERM LIABILITIES

	( ` in lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
Franchisee & Distributors Deposits	7.56	7.56
	<u>7.56</u>	<u>7.56</u>

NOTE -6 SHORT TERM BORROWINGS

	( ` in lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
Secured		
Loans Repayable on Demand		
Cash Credit from Banks	9,945.06	9,572.01
	<u>9,945.06</u>	<u>9,572.01</u>
Unsecured		
a) Short Term Loans Repayable on Demand		
Inter Corporate Deposits	-	35.33
b) Loans From Related Party		
From Director		
Raj Kumar Sekhani	-	22.27
	<u>-</u>	<u>57.60</u>
	<u>9,945.06</u>	<u>9,629.61</u>

NOTE -6.1

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

Cash Credit Loan taken by Subsidiary Hakoba Lifestyle Ltd. has become NPA. SBI and HDFC Bank has filed the case in Debt Recovery Tribunal.

NOTE -7 TRADE PAYABLES

	( ` in lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
Trade Payables		
For Goods	1,164.00	1,420.00
For Services / Others	760.72	807.89
	<u>1,925.12</u>	<u>2,227.89</u>

NOTE -8 OTHER CURRENT LIABILITIES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
a) Current maturities of Long Term Debt - Secured		
(i) Term Loans from Banks	3,542.51	2,009.46
(ii) Funded Interest Term Loans from Banks	984.27	949.17
(iii) Working Capital Term Loans from Banks	1,826.97	910.84
(iv) Foreign Currency Term Loans from Banks	830.92	680.68
(v) Vehicle Loans from Bank	1.33	3.39
b) Current maturities of Long Term Debt - Unsecured		
From Bank (refer Note 30)	-	283.95
c) Interest provided		
(i) Term Loans from Banks	786.33	480.88
(ii) Funded Interest Term Loans from Banks	178.44	125.54
(iii) Working Capital Term Loans from Banks	503.23	415.41
(iv) Foreign Currency Term Loans from Banks	106.90	139.24
(v) Vehicle Loans from Bank	-	0.13
(vi) Other Loans		
Life Insurance Corporation of India (LIC)	10.26	5.71
d) Provision for Interest on Secured & Unsecured Bank Loans	13.14	18.71
e) Unpaid Dividends	3.65	6.57
f) Advance from Customers	298.92	270.05
g) Liability for Capital Expenditure	60.92	43.30
h) Book Overdraft	0.55	8.14
i) Statutory Dues	119.18	147.89
j) Remuneration payable to Directors	15.10	21.26
k) To Others	206.26	208.45
	<u>9,488.88</u>	<u>6,728.77</u>

NOTE - 8.1

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

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

All these Secured Loans are secured by first pari passu charge over fixed assets of the Company both present & future with each other, except machinery imported from Barmag of Germany for Dope Dyed Polyester Yarn Unit, which is exclusively charged to Landes Bank Baden Wurttemberg, and further secured by second charge over current assets of the Company & by personal guarantee of Chairman of the Company.

NOTE - 8.2

Advance from customers includes advance of ` 44.18 lacs (` 62.54 lacs) received from Kiran Industries Limited, a related enterprise.

NOTE -9 SHORT TERM PROVISIONS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Provision For Employee Benefits		
Salary/Wages Payable	330.22	243.58
Contribution to Funds	10.32	14.05
Gratuity Premium	154.63	120.58
	<u>495.17</u>	<u>378.21</u>

NOTE -10 FIXED ASSETS

(` in lacs)

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2013	ADDITION	DEDUCTION/ ADJUSTMENTS	As at 31.03.2014	As at 01.04.2013	ADDITION	DEDUCTION/ ADJUSTMENTS	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
1	Tangible Assets:										
	Land - Owned	468.46	-	-	468.46	-	-	-	-	468.46	468.46
	- Leasehold	29.82	-	-	29.82	4.09	0.31	-	4.40	25.42	25.73
2	Buildings	3,467.63	40.96	-	3,508.59	825.60	115.90	-	941.50	2,567.09	2,642.03
	- Lift	34.08	-	-	34.08	7.34	1.62	-	8.96	25.12	26.74
3	Plant & Machineries	13,777.20	423.75	365.70	13,835.25	7,565.81	885.75	330.76	8,120.80	5,714.45	6,211.39
4	Furniture & Fixtures	581.62	0.37	-	581.99	304.75	35.54	-	340.29	241.70	276.87
5	Vehicles	223.99	13.40	3.97	233.42	150.74	20.82	2.21	169.35	64.07	73.25
6	Office Equipments	134.46	1.60	-	136.06	61.15	6.01	-	67.16	68.90	73.31
7	Computers	270.80	6.23	-	227.03	251.21	8.57	-	259.78	17.25	19.59
8	Electrical Installations	827.84	41.22	-	869.06	221.30	38.97	-	260.27	608.79	606.54
9	Borewell	13.83	-	-	13.83	1.98	0.51	-	2.49	11.34	11.85
	Sub Total	19,829.73	527.53	369.67	19,987.59	9,393.97	1,114.00	332.97	10,175.00	9,812.59	10,435.76
	Intangible Assets:										
10	Computer Softwares	88.35	-	-	88.35	32.33	8.67	-	41.00	47.35	56.02
11	Hakoba Brand	170.55	-	-	170.55	119.34	17.05	-	136.39	34.16	51.21
	Sub Total	258.90	-	-	258.90	151.67	25.72	-	177.39	81.51	107.23
	Total	20,088.63	527.53	369.67	20,246.49	9,545.64	1,139.72	332.97	10,352.39	9,894.10	10,542.99
	Previous Year	19,970.81	536.63	418.81	20,088.63	8,633.92	1,309.59	397.87	9,545.64	10,542.99	
	Capital Work-in-progress									345.86	595.54
										10,239.96	11,138.53

NOTE 10.1

Capital Work in progress includes:

- a sum of ` 22.15 lacs for renovation of machines at Kallakruchi till the assets of Arcot Textile Mill Limited are transferred in favor of the Company.
- a sum of ` 323.70 lacs spent for ongoing expansion at Kala-amb and Sarigam unit.

NOTE -11 NON-CURRENT INVESTMENTS

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
Quoted Investments				
In Other Entities				
RLF Limited (listing suspended) (Equity shares of Face Value of ₹ 10/- each) (Cost ₹ 5,566/- less provision made ₹ 5,565/-)	1,000	-	1,000	-
Padmini Technologies Limited (listing suspended) (Equity shares of Face Value of ₹ 10/- each) (Cost ₹ 1,756,253/- less provision made ₹ 1,756,252/-)	68,939	-	68,939	-
Unquoted Investments				
a) In Other Entities				
The Greater Bombay Co-op. Bank Limited (Equity shares of Face Value of ₹ 25/- each)	40	0.01	40	0.01
Crystal Lace India Limited (Equity shares of Face Value of ₹ 10/- each)	5,039,400	465.01	5,039,400	818.11
b) In Government Securities				
National Saving Certificates (Lodged with Sales Tax Department)	-	0.09	-	0.19
	5,039,440	465.11	5,039,440	818.31

NOTE -12 LONG TERM LOANS & ADVANCES

Particulars	(₹ in lacs)	
	As at 31.03.2014	As at 31.03.2013
a) Capital Advances (unsecured, considered good)	127.43	152.33
b) Security Deposits (unsecured, considered good) Deposit for Others	240.55	239.96
c) Advance Income Tax Paid (net)	103.02	74.90
d) Other Loans and Advances (unsecured, considered good)		
Advances to Arcot Textile Mills Ltd.	975.00	1,080.00
Other Advances for Various Properties	700.88	905.88
Other Loans and Advances	80.00	80.00
	2,226.88	2,533.07

NOTE - 12.1

- a) Capital advance of ₹ 127.43 lacs has been given to building contractors and to suppliers of plant & machineries for expansion project at Dope Dyed Yarn unit at Kala-amb and Embroidery unit at Naroli.
- b) Advances to Arcot Textile Mills Limited (ATML) (a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹ 1,105.00 lacs on lump sum sale basis out of FCCBs funds pursuant to MOU dated 20th December, 2007. The transfer of assets in favour of the Company was subject to deregistration of ATML from BIFR. Due to inordinate delay in deregistration from BIFR, it had been agreed that ATML will return the above advance within reasonable time period vide their confirmation letter dated 5th October, 2012 and accordingly ₹ 105.00 lacs (₹ 25.00 lacs) has been returned by them during the year.

NOTE - 12.2

Other advances of ₹ 705.88 lacs (₹ 905.88 lacs) given to six parties for various properties. As the expected land or properties in all cases may not be conveyanced in favour of the Company, necessary settlements are being made with them. As per the management, said amounts are considered good and fully recoverable. During the year, they have returned ₹ 205.00 lacs to the Company. These balances are subject to confirmation from the parties.

NOTE - 12.3

Other advances of ₹ 80 lacs (₹ 80 lacs) given to two parties as advance against orders and are outstanding more than 5 years. These balances are subject to confirmation from the parties.

NOTE -13 OTHER NON CURRENT ASSETS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Fixed Deposit		
Fixed Deposit in Banks with more than 12 months maturity	42.76	41.90
NSC Deposit	1.25	-
	<u>44.01</u>	<u>41.90</u>

NOTE -14 INVENTORIES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
(As certified by Management)		
a) Raw Materials	700.44	629.54
b) Work-in-progress	367.22	359.01
c) Finished goods	1,827.21	2,387.58
d) Store & Spares	47.41	27.93
e) Packing Material	20.82	29.96
	<u>2,963.10</u>	<u>3,434.02</u>

NOTE -15 TRADE RECEIVABLES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Unsecured		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	1,927.19	2,098.51
Considered Doubtful	337.99	337.99
Less: Provision for Doubtful Trade Receivables	<u>(337.99)</u>	<u>(337.99)</u>
	1,927.19	2,098.51
Others		
Considered Good	2,199.13	2,021.34
	<u>4,126.32</u>	<u>4,119.85</u>

NOTE -15.1

Trade receivable includes outstanding from:

- a) Related enterprise Kiran Industries Ltd. of ` 0.35 lacs (` 3.87 lacs).
- b) Related enterprise Thakurdas & Co. Pvt. Ltd. of ` 170.68 lacs (` 145.87 lacs).

NOTE -16 CASH & CASH EQUIVALENTS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
a) Balances with Banks		
In Current Accounts	334.82	304.00
b) Cash in hand	54.88	57.61
	<u>389.70</u>	<u>361.61</u>

NOTE -17 SHORT TERM LOANS & ADVANCES

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Short Term Loan & Advances to Related Parties		
Loans and Advances to JV (unsecured)		
Super Industries DMCC (JV)	4,449.83	4,027.02
Loans and Advances to Related Parties (unsecured, considered good)		
Pioneer E-com Fashion Ltd.	1,075.47	1,075.47
Crystal Lace (I) Ltd.	576.23	1,139.98
Short Term Loan & Advances to Other Parties		
Advances recoverable in cash or in kind	560.83	567.62
Loan & Advance to Staff	44.09	63.93
Prepaid Expenses	14.75	17.93
Other Advances and Balances	60.64	41.40
Advance Advertisement Expenses	506.18	506.18
Claim against Rental Premise Agreement	596.25	618.50
	<u>7,884.27</u>	<u>8,058.02</u>

NOTE - 17.1

- a) The Company had invested USD 1.26 mn. (` 509.92 lacs) in an overseas Joint Venture with M/s Super Industries DMCC to acquire 10% stake thereof and further advanced an optionally convertible loan of USD 3.70 mn. (` 2,223.69 lacs) out of FCCBs funds. As the Joint Venture failed, the said investment was treated as loan by the Company.
- b) As per the management, the said loan is good for recovery. In view of non receipt of service charges, the Company has not provided service charges during the year. This outstanding balance is subject to confirmation.

NOTE - 17.2

Interest free unsecured loans and advances of ` 1,075.47 lacs (` 1,074.47 lacs) to Pioneer E-com Fashion Ltd, an associate company is considered good of recovery as per the management of the Company.

NOTE - 17.3

- a) The loans and advances includes ` 498.78 lacs (` 1,139.98 lacs) receivable from Crystal Lace (India) Ltd (CLIL) being the amount outstanding against a loan of ` 1,534.00 lacs advanced to the said Company against proposed purchase of then Plant & Machineries in the period 2007-08.
- As the transaction did not materialize, the amount is being repaid by CLIL.
- b) The Company has not provided the accumulated interest of ` 1,012.48 lacs (` 883.33 lacs) on the aforesaid loan and income is understated to that extent in the current year.

NOTE - 17.4

Advance to suppliers includes two parties of Subsidiary Hakoba Lifestyle Ltd, which are outstanding for more than 5 years. However management consider it recoverable. These balances are subject to confirmation and reconciliation.

NOTE - 17.5

Advance advertisement expenses was given as advance against advertising to Bennett Coleman & Co. Ltd. (BCCL) on 14th July, 2005 for a period of 3 years, which is not utilized during aforesaid prescribed period and have not been provided for in the financial statements, otherwise the accumulated loss would have been higher by ` 506.18 lacs.

As per the treaty with BCCL, the Company had to give the exit to BCCL by way of Initial Public Offer. BCCL has issued notice to Hakoba Lifestyle Limited (HLL) Promoters on 3rd August, 2010 for converting ` 1,059.00 lacs into debt and have raised the demand for ` 1,059.00 lacs from HLL Promoters, for which arbitration proceedings are pending.

NOTE - 17.6

The Company has yet to recover balance amount of ` 596.25 lacs (` 618.50 lacs) against claim against rental premises. As per the management same is fully recoverable.

NOTE -18 OTHER CURRENT ASSETS

(` in lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
(Unsecured, considered good)		
Other Loans and Advances		
Accrued Export and Other Incentives	118.94	58.65
Interest Receivables (TUF)	15.33	20.58
	<u>134.27</u>	<u>79.23</u>

NOTE -19 REVENUE FROM OPERATIONS

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Sale of Products - Yarn, Embroidery Fabric & Laces*		
Domestic Sales	23,205.18	22,458.27
Export Sales	3,609.45	1,542.75
Other Operating Revenue (Export Incentives)	507.20	126.57
Gross Revenue from Operations	<u>27,321.83</u>	<u>24,127.59</u>
Less: Excise duty	-	0.20
	<u>27,321.83</u>	<u>24,127.39</u>

NOTE -19.1

Sales includes Sales made to related enterprises M/s J J Sons ` 67.96 lacs (` 111.29 lacs) and Thakurdas & Co. Ltd. ` 198.40 lacs (` 16.25 lacs).

NOTE -20 OTHER INCOME

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest on Loans to Subsidiary/JV	-	243.46
Interest on Others	10.79	5.59
Adjustments to Carrying Amount of Loan given to Subsidiary/JV(Net)	422.81	322.59
Profit on Fixed Assets sold (Net)	26.40	4.26
Liabilities/Provisions no longer required written back	184.60	49.21
Misc. Non Operating Income (Net)	9.70	6.39
Gain on Exchange Rate Difference (Net)	108.19	47.29
	<u>762.49</u>	<u>678.79</u>

NOTE -21 COST OF MATERIAL CONSUMED

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Cost of Raw Material Consumed		
Opening Stock	629.54	965.75
Purchases during the year	<u>16,770.27</u>	<u>15,240.96</u>
	<u>17,322.72</u>	<u>16,206.71</u>
Less:- Closing Stock	623.35	629.54
	<u>16,699.37</u>	<u>15,577.17</u>

NOTE -21.1

Trade Purchases includes purchases made from related enterprises M/s J J Sons ` 22.35 lacs (` 1.30 lacs) and Kiran Industries Ltd. ` 28.81 lacs (` 4.04 lacs).

NOTE -22 CHANGE IN INVENTORIES

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Opening Inventories		
Work-in-Progress	359.01	303.35
Finished Goods	<u>2,387.58</u>	<u>2,377.21</u>
	<u>2,746.59</u>	<u>2,680.56</u>
Less: Closing Inventories		
Work-in-Progress	367.22	359.01
Finished Goods	<u>1,827.21</u>	<u>2,387.58</u>
	<u>2,194.43</u>	<u>2,746.59</u>
	<u>552.16</u>	<u>(66.03)</u>

NOTE -23 EMPLOYEE BENEFITS EXPENSE

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
a) Salaries, Wages and Incentives	2,208.67	1,949.20
b) Contribution to Funds	66.29	58.98
c) Staff Welfare Expenses	<u>107.27</u>	<u>108.20</u>
	<u>2,382.23</u>	<u>2,116.38</u>

NOTE -24 FINANCE COSTS

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest expense		
a) Interest on Borrowings	1,432.36	2,151.29
b) Interest on late payment of Taxes	0.46	9.46
c) Other Borrowing Costs	31.85	35.99
d) Applicable Net Gain/Loss on Foreign Currency Transactions and Translation	<u>202.77</u>	<u>37.82</u>
	<u>1,667.44</u>	<u>2,234.56</u>

NOTE -24.1

Since the Subsidiary Hakoba Lifestyle Ltd. is negotiating with its lenders to restructure/settlement of its dues, no interest on loan has been provided during the year.

NOTE -25 OTHER EXPENSES

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Director Remuneration	80.55	80.47
Directors Sitting Fees	0.20	0.33
Donations	0.10	0.46
Insurance	24.07	27.76
Job Charges	257.94	388.67
Legal & Professionals Fees	95.48	97.01
Miscellaneous Expenses	536.52	518.39
Packing Material Consumed	879.12	793.31
Payment to Auditors*	14.23	15.77
Power & Fuel	1,901.51	1,662.54
Rates & Taxes	20.32	30.68
Rent	97.18	97.66
Repair & Maintenance Buildings	22.00	12.74
Repair & Maintenance Others	58.55	53.92
Repair & Maintenance Plant & Machinery	59.91	73.78
Selling Expenses	1,112.04	876.21
Store & Spares Consumed	282.07	245.30
Sundry Balance W/off	-	39.01
	<u>5,441.79</u>	<u>5,014.11</u>

\* Details of payment to Auditors

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
a) for Statutory Audit	14.20	14.20
b) for Taxation Matter	-	1.12
c) for Other Services	0.03	0.45
	<u>14.23</u>	<u>15.77</u>

NOTE -26 EXCEPTIONAL ITEMS

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Doubtful Advances written off	-	46.76
Assets/CWIP written off	274.90	-
Impairment/Loss on reduction in Share Capital	353.10	-
	<u>628.00</u>	<u>46.76</u>

NOTE - 27 CONTINGENT LIABILITIES

(` in lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
a) Bank Guarantees Outstanding.	52.64	29.98
b) Estimated amount of contracts remaining to be executed on Capital Accounts (Net of advances).	17.50	142.34
c) Assessment Order of Customs Duty for Import of second hand computerised embroidery machines for which appeal has been filed with Honorable Supreme Court.	18.40	40.90
d) Demand raised by Excise Department in respect of which appeal has been filed.	46.14	46.14
e) Demand raised by Income-tax Department in Block Assessment order U/s 158A for the period. from FY 1998-99 to FY 2003-04 in respect of which appeal has been filed with CIT (Appeal).	49.01	49.01
f) Other Income Tax matters pending in appeal.	106.76	13.33
g) Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS).	1,323.68	1,083.01
h) Custom Duty on Capital Goods and Raw Materials imported under Advance Licence / EPCG Scheme, against which export obligation is to be fulfilled.	32.12	345.24
i) Service Tax demand raised by the Service Tax Department.	128.08	128.08
j) Legal case for which the Company has not acknowledge the claim.	3.57	3.57
k) Demand raised by Bennet Coleman & Co Ltd for converting equity options into debt of subsidiary for which arbitration proceedings are pending.	1,059.00	1,059.00
l) There are some Labour Cases in Labour Court and Industrial Court regarding overtime, backwages and reinstatement to which the Company is contesting. Quantum is not ascertainable.	N A	N A

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

NOTE 28 Loans and Advances includes amount due from JV:

(` in lacs)

Particulars	Current Year 31-03-2014		Previous Year 31-03-2013	
	Closing Balance	Maximum due	Closing Balance	Maximum due
Super Industries DMCC (JV)	2,980.95 (Loan) 1,468.88 (Service Charges)	4,449.83	2,697.71 (Loan) 1,329.31 (Service Charges)	4,027.02

NOTE 29 Foreign Currency Convertible Bonds (FCCBs) :

The Company has extinguished its balance outstanding FCCB's of USD 11 million during the year by making payment of USD 0.7 million (` 434.14 lacs) being the amount of settlement arrived with the bond holders. The amount of USD 10.3 million (` 4,065.16 lacs) being the difference of face value and settlement amount has been waived off and is treated as non-monetary transaction and has been credited to Capital Reserve as per the expert opinion taken by the management in the past.

NOTE 30 An amount of ` 88.36 lacs waived under OTS with Development Credit Bank Ltd. has been credited to Capital Reserve as per the expert opinion taken by the management in the past.

NOTE 31 A few of the fixed deposits, overdraft balances and bank accounts are subject to confirmations though reconciled with available bank statements. A few of the secured and unsecured loans are also subject to confirmations though reconciled with bank statements.

NOTE 32 In the opinion of the management, there is no impairment of assets as on Balance Sheet date.

NOTE 33 a) As reported in earlier years, the Company had entered into a Corporate Debt Restructuring scheme (CDR Scheme) with its lenders. As the Company was unable to meet its obligations under CDR Scheme since second quarter of FY 2011-12, the lenders have revoked the CDR package, with approval of CDR-EG. State Bank of India (SBI) has issued demand notice for recovery of their outstanding dues under SARFAESI. The Company, however, continuous to explore settlement/restructuring options with individual lenders including SBI.

b) The Company has fully paid off dues of ICICI Bank Ltd., one of CDR lender, in terms of OTS arrived with the bank. Accordingly the Company has reversed the interest liability of ` 171.97 lacs and the principal amount of ` 517.81 lacs. As per the legal expert opinion in the past, the Company has treated the interest reversal as monetary item and has credited to Statement of Profit and Loss and has treated the principal amount as non- monetary item and has credited to Capital Reserve.

- c) In terms of a OTS with State Bank of Patiala, another CDR lender, the Company has to pay a sum of `850.00 lacs, in full and final settlement of the Bank's dues on or before May 31, 2014. The Company has already paid a sum of `580.00 lacs out of the said amount during the year. The necessary adjustment in the books will be done after the compliance of the terms and conditions of OTS.

NOTE 34 During the year, the Company has paid a sum of `7.20 lacs (`7.20 lacs) as premium towards the Key man Insurance policy taken for Mr. Raj Kumar Sekhani, Chairman of the Company.

NOTE 35 As per management, realization value of current assets, deposits, loans and advances in the ordinary course of business will be at least equal to the amount at which they have been stated in the financial statements.

NOTE 36 The sundry debit and credit balances including receivables, payables and advances to suppliers, advances from customers either debit or credit and deposits are subject to confirmation and reconciliations, the effect of which is not known.

NOTE 37 Dues to Small Scale Industries undertakings and dues to Micro Enterprises and Small Enterprises:  
The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since, the relevant information is not readily available; no disclosures have been made in the Accounts. However, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.

NOTE 38 The Company operates in a single segment of Textiles.

NOTE 39 Earning per Equity Share

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Net Profit/(Loss) for the year attributable to Equity Shareholders (` in lacs)	(767.36)	(3,384.43)
Weighted Average Number of Equity Shares of `10/- each (fully paid-up)	17,699,094	13,137,978
Earning per Share- Basic & Diluted (`)	(4.34)	(25.76)

NOTE 40 Related Party Disclosures :

a) Names of Related Parties and Nature of Relationships

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

b) Transactions during the year

(₹ in lacs)		
Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
i) Sales		
Relative of Key Management Personnel & their enterprises	226.35	127.56
ii) Purchases		
Relative of Key Management Personnel & their enterprises	51.17	8.66
iii) Income from Service Charges/Interest on Loans		
Joint Venture	-	243.46
iv) Payment for Other Services		
Associate Concerns (Rent)	-	1.35
Key Management Personnel (Remuneration to Whole Time Directors)	80.45	80.47
Relative of Key Management Personnel & their Enterprises	6.69	4.73
v) Share Application Money Received/(adjusted)		
Associate Concerns	-	(968.00)
vi) Equity Share Issued		
Associate Concerns	-	968.00
vii) Balance outstanding as at the year end		
Associate Concerns	2,259.07 Dr	2,894.35 Dr
Joint Venture	4,449.83 Dr	4,027.02 Dr
Key Management Personnel	5.09 Cr	43.53 Cr
Relative of Key Management Personnel & their enterprises	2.27 Dr	16.87 Cr

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

As per our Report of even date attached herewith  
For M B A H & CO  
Chartered Accountants  
(Firm Regn No. 121426W)

For & on behalf of the Board

MAHESH BHAGERIA  
Partner  
Membership No. 034499  
Place: Mumbai  
Date: May 23, 2014

RAJ KUMAR SEKHANI  
Chairman

HARSH VARDHAN BASSI  
Managing Director

## This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[illegible]

[illegible]

# PIONEER EMBROIDERIES LIMITED

Registered Office : Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Ind. Est.,  
Off. New Link Road, Andheri (W), Mumbai 400 058  
Corporate Identity Number: L17291MH1991PLC063752  
Tel.:91-22-42232323/ Tele-Fax: 91-2242232313/ Email: mumbai@pelhakoba.com



Folio No./DP ID/Client ID No.	
No. of Shares held	

PIONEER EMBROIDERIES LIMITED will be held on 18th July, 2014 at 9.30 A.M.

## ATTENDANCE SLIP

I/We record my/our presence at the Twenty Second Annual General Meeting to be held on Friday, the 18<sup>th</sup> July, 2014 at The Green Village Resort Limited, Malvani Church, Opp. Akashwani Kendra, Marve Road, Malad West, Mumbai - 400 095 at 9.30 a. m.

NAME OF THE SHAREHOLDER / PROXY (in Block Letters)	
SIGNATURE OF THE SHAREHOLDER / PROXY	

NOTE: You are requested to sign and handover this slip at the entrance of the meeting venue.

----- ✂ ----- TEAR HERE ----- ✂ -----

## Form No. MGT-11 PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L17291MH1991PLC063752		
Name of the company	PIONEER EMBROIDERIES LIMITED		
Registered office	Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Ind. Est., Off. New Link Road, Andheri (W), Mumbai- 400 058.		
Name of the member (s)			
Registered address			
E-mail Id			
Folio No/ Client Id		DP ID	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

Name			
Address			
E-mail Id		Signature	

OR FAILING HIM

Name			
Address			
E-mail Id		Signature	

OR FAILING HIM

Name			
Address			
E-mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting to be held on Friday, the 18th July, 2014 at The Green Village Resort Limited, Malvani Church, Opp. Akashwani Kendra, Marve Road, Malad West, Mumbai - 400 095 at 9.30 a. m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. : RESOLUTIONS

For

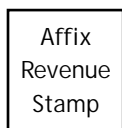
Against

1.	Adoption of Financial Statements for the year ended 31st March, 2014		
2.	Re-appointment of Mr. Raj Kumar Sekhani, who retires by rotation.		
3.	Appointment of M/s. MBAH & Co. , as Auditors & fixing their remuneration.		
4.	Appointment of Mr. Joginder Kumar Baweja as a Director.		
5.	Appointment of Mr. Gopalkrishnan Sivaraman as a Director.		
6.	Increase in Payment of Remuneration to Mr. Raj Kumar Sekhani as Chairman.		
7.	Re-appointment of Mr. Harsh Vardhan Bassi as Executive Director.		
8.	Creation of Mortgage or charge on the Assets of the Company		
9.	Borrowing in excess of paid up Capital and Free Reserves.		

Signed this..... day of..... 2014

Signature of Shareholder: ..... /

Signature of Proxy holder(s): .....



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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



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



## BOOK POST



*If undelivered, please return to:*

# PIONEER EMBROIDERIES LIMITED

*....a stitch ahead of time*

Registered Office: Unit No.101B, 1st Floor, Abhishek Premises, Plot No. C5-6,  
Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058  
Tel.: 91-22- 4223 2323 • Fax :91-22- 4223 2313  
E-mail : [mumbai@pethakoba.com](mailto:mumbai@pethakoba.com) • Website : [www.pethakoba.com](http://www.pethakoba.com)