

**8th Annual  
Report  
1999-2000**

*Pioneer*

## BOARD OF DIRECTORS

|                         |                         |
|-------------------------|-------------------------|
| Mr. RAJKUMAR SEKHANI    | Executive Chairman      |
| Mr. MANAK CHAND BAID    | Managing Director       |
| Mr. VIJAY SINGH BAID    | Executive Director      |
| Mr. HEMANT KUMAR SETHIA | Director                |
| Mr. T. A. N. DEVALKAR   | Nominee - SICOM Limited |

## OFFICES

|                           |   |
|---------------------------|---|
| <b>Regd. Office :</b>     | 6-E, Laxmi Ind. Estate, New Link Road, Andheri (West), Mumbai - 400 053.            |
| <b>Sales Office :</b>     | Sukhadwala Bldg., 2nd Floor, 607, J. S. Sheth Road, Mumbai - 400 002.               |
| <b>Delhi Office :</b>     | 4986, 1st Floor, Baratooti Sadar Bazaar, Delhi - 110 006.                           |
| <b>Calcutta Office :</b>  | 14/2, 2nd Floor, Room No. 135, Old China Bazaar Str., Calcutta - 700 001.           |
| <b>Ahmedabad Office :</b> | 42, Mahalaxmi Complex, Ghee Kanta Road, Ahmedabad - 380 001                         |
| <b>Bangalore Office:</b>  | 37/115 II Main Road, Gangadara Layout, 2nd Floor, Vijay Nagar, Bangalore - 560 040. |
| <b>Surat Office:</b>      | Metro Towers, Ring Road, Surat - 395 002..  |

## WORKS

| Sarigam Embroidery Unit   | Dadra Crochet Lace Unit   | Naroli Embroidery<br>& Crochet Lace Unit   | Process House   |
|---|---|--|---|
| 1638 -1639<br>G. I. D. C. Sarigam,<br>Dist. Valsad,<br>Gujarat. | Ankur, Plot No. 1,<br>Sheetal Industrial Estate,<br>Demni,<br>Dadra (U. T.) | Primer Ind. Estate,<br>Survey No. 678/1/2,<br>Vill. Naroli, Bhilad Naroli Rd.,<br>D & N Haveli (U. T.) | 1638 -1639,<br>G. I. D. C. Sarigam,<br>Dist. Valsad,<br>Gujarat |

## AUDITORS

**Mahesh Bhageria & Co.**  
Chartered Accountants

## BANKERS

**State Bank Of India**

## CONTENTS

|                                   |    |
|-----------------------------------|----|
| Notice .....                      | 01 |
| Directors' Report .....           | 05 |
| Auditors' Report .....            | 09 |
| Balance Sheet .....               | 12 |
| Profit & Loss Account .....       | 13 |
| Schedules .....                   | 14 |
| Accounting Policies & Notes ..... | 20 |
| Cash Flow Statement .....         | 25 |
| Nomination Form .....             | 28 |
| Discount Coupons .....            | 29 |
| Proxy Form .....                  | 31 |





## NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of PIONEER EMBROIDERIES LIMITED will be held on Wednesday, 20th September, 2000 at 10:00 a.m. at White Hall, 7/B, Sarkar Corner, Next to Municipal Sports Complex, J.P. Road, Andheri (West), Mumbai - 400 058 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To discuss and adopt the proposal for Dividend on ordinary shares for the financial year 31st March, 2000.
3. To appoint a Director in place of Mr. Raj Kumar Sekhani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

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

### ALTERATION IN ARTICLES OF ASSOCIATION :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, provisions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows :

- (i) In Article 2 after the existing sub-clause (i), the following new sub-clauses shall be inserted viz.

- (j) "Beneficial Owner" shall mean the beneficial owners as defined in clause (a) of Sub-Section (I) of Section 2 of the Depositories Act, 1996.
- (k) "Depositories Act" means the Depositories Act, 1996 and includes any statutory modification(s) or re-enactment thereof for the time being in force.
- (l) "Depository" shall mean a Depository as defined under Clause (e) of Sub-Section (I) of Section 2 of the Depositories Act, 1996.

- (ii) After the existing Article 64, the following new Articles shall be inserted, viz.

### XX. DEMATERIALISATION OF SHARES

65. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the record of Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share(s) on the part of any other person(s), whether or not it shall have express or implied.
66. Notwithstanding anything contained in these Articles, the Company shall be entitled in accordance with the provisions of the Depositories Act, 1996, to dematerialise any or all of its shares, debentures and other marketable securities and to offer the same for subscription in a dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both the material and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of the existing shares or any future issue.
67. Nothing contained in Articles 6, 7 and 8 shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and the transferee both of whom are entered as beneficial owner in the records of the Depository.
68. In the case of transfer of shares, debentures or other marketable securities where the Company has not issued any certificate and where the shares and securities are being held in electronic and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of shares, debentures and other marketable securities held by the depository on behalf of a beneficial owner as defined in Depositories Act, Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956, shall not apply."



**Pioneer**  
**EMBROIDERIES LIMITED**

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

**REMUNERATION OF CHAIRMAN CUM WHOLE-TIME DIRECTOR (EXECUTIVE CHAIRMAN)**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, the Company hereby accord its approval to the remuneration payable to Mr. Raj Kumar Sekhani as Chairman cum Whole-time Director (Executive Chairman) of the Company for a period of 5 years commencing from 1st April, 2000 to 31st March, 2005, on the terms and conditions as set out in the agreement dated 1st April, 2000, entered between the Company and Mr. Raj Kumar Sekhani, a copy of which is initialled by the Chairman for the purpose of identification and is placed before this meeting for approval."

**Registered Office :**

6-E, Laxmi Industrial Estate,  
New Link Road,  
Andheri ( West ),  
Mumbai - 400 053.

By order of the Board of Directors  
For **PIONEER EMBROIDERIES LIMITED**

**MANAK CHAND BAID**  
*Managing Director*

Place : Mumbai.

Date : 28th July, 2000.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND & VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER.
2. Proxy Forms in order to be valid should be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time for the meeting.
3. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item nos.5 and 6 as set out above are enclosed herewith.
4. The Board of Directors of Pioneer Embroideries Limited at its meeting held on 24th March, 2000 has proposed a dividend of Rs.1.20 per equity share for the financial year 1999-2000.
5. If you have not submitted the details of your Bank Account for Dividend Warrants, we request you to send the following particulars at Registered Office of the Company :
  - a) Folio No./ Name(s) of the member(s).
  - b) Name of the Bank, Account No., Branch and Place with Pin Code No., where the account is maintained.
6. Members are requested to :
  - i} Quote their Folio Number in all correspondence with the Company.
  - ii} Notify immediately to the Company any change in their address and the mandate.
7. Members are requested to bring their copies of the Annual Report and Accounts to the meeting.
8. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
9. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for Shareholders in respect of the Shares held by them. Nomination Form is annexed with the Annual Report.

**ANNEXURE TO THE NOTICE**

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

**ITEM NO. 5 :**

Consequent upon the passing of the Depositories Act, 1996, certain provisions in the Articles of Association of the Company pertaining to issue, holding, transfer and other dealings in shares and securities and also issue of certificate thereof which were framed on the basis of the relevant provisions of the Companies Act, 1956 are being amended so as to facilitate the functioning of the Depository system. Consequently, addition of some Articles in the Articles of Association of the Company pertaining to issue, holding and dealing in scripless shares and securities is necessary so as to bring



them in line with the relevant provisions of the Depositories Act and to give effect thereto.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed alterations are available for inspection at the Registered Office of the Company on all the working days upto the date of the Annual General Meeting between the hours 3.00 P.M. to 5.00 P.M.

None of the Directors, is in any way, concerned or interested in the resolution.

The Directors recommend the resolution for approval of the members.

**ITEM NO. 6 :** Under the chairmanship of Mr. Rajkumar Sekhani, the Company had recorded all round growth in its business. Subject to the approval of the shareholders and other approvals as may be required, the Board of Directors has at their meeting held on 24th March 2000, appointed Mr. Rajkumar Sekhani as Chairman cum Whole-time Director (Executive Chairman) for a period of five years commencing from 1st April, 2000 to 31st March, 2005. The said appointment requires approval of the shareholders by passing a special resolution pursuant to Section 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956. The main terms and conditions of Mr. Rajkumar Sekhani's appointment are as under :

**SALARY :** Rs.20,000 per month for the first year of tenure of his office and will be entitled to an increment in remuneration of Rs.5000/- per month every year during the remaining tenure of his office.

**PERQUISITES :** Perquisites shall be restricted to an amount equal to the annual salary. Perquisites payable to the CHAIRMAN CUM WHOLE-TIME DIRECTOR is categorised as under :

#### **PART 'A'**

- i) **HOUSING I** - Expenditure by the company on hiring unfurnished accommodation subject to a ceiling of 60% of the salary over and above 10% payable by the CHAIRMAN CUM WHOLE-TIME DIRECTOR. If the company does not provide accommodation to the CHAIRMAN CUM WHOLE-TIME DIRECTOR, house rent allowance will be paid by the company to the CHAIRMAN CUM WHOLE-TIME DIRECTOR as above.
- ii) **HOUSING II** - If the accommodation in the company owned house is provided, the CHAIRMAN CUM WHOLE-TIME DIRECTOR shall pay to the company by way of rent of 10% of the salary. The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income-Tax Rules, 1962 subject to a ceiling of 10% of the salary of the Whole-time Director.
- iii) **HOUSING III** - If the CHAIRMAN CUM WHOLE-TIME DIRECTOR opts for residing at its own accommodation, the Company will reimburse all the maintenance expenses of the residence and expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income-Tax Rules, 1962.

#### **iii) MEDICAL REIMBURSEMENT :**

Reimbursement of expenses for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

#### **iv) LEAVE TRAVEL CONCESSION:**

For self and family, once in a year incurred in accordance with the rules of the company.

#### **v) CLUB FEES :**

Fees of Clubs subject to a maximum two clubs. No admission and life membership fees will be paid.

#### **vi) PERSONAL ACCIDENT INSURANCE :**

Premium not to exceed Rs.4,000/- per annum.

#### **PART 'B'**

- i) Contribution to the Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent there either or put together are not taxable under the Income Tax Act, 1961, provided that :
  - a) Company's contribution towards Provident Fund not to exceed 10% of the salary.
  - b) Company's contribution towards Superannuation Fund together with Provident Fund not to exceed 25% of the salary.
- ii) Gratuity not exceeding half month salary for each completed year of service subject to a ceiling of Rs.5,00,000/-.



**Pioneer**  
**EMBROIDERIES LIMITED**

#### PART 'C'

- i) Car for use on company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.
- ii) Privilege leave on full pay and allowance, but not exceeding one month for every eleven months of service subject to the condition, the leave accumulated but not availed shall be dealt with as per the Income Tax Rules 1962.
- iii) Reimbursement of actual Travelling and entertainment expenses reasonably incurred in connection with the business of the Company.
- iv) Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.
- v) In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.
- vi) Company may, in its discretion, increase the remuneration payable to him, subject to obtaining such approvals as may be required.

The terms and conditions of Mr. Rajkumar Sekhani as Chairman cum Whole-time Director is set out above may also be treated as an abstract of the Agreement between Mr. Rajkumar Sekhani and the Company under Section 302 of the Companies Act, 1956.

The principle terms and conditions of Mr. Rajkumar Sekhani as Chairman cum Whole-time Director is set out in the Agreement referred to in the resolution at item no.6 of the notice on which his appointment is proposed is open for inspection at the Registered Office of the Company between 10:00 A.M. to 12:30 P.M. on any working day.

Mr. Rajkumar Sekhani himself shall be deemed to be interested or concerned in this resolution.

None of the other Directors is interested or concerned in this resolution.

The Directors recommend the resolution for approval of the members.

#### Registered Office :

6-E, Laxmi Industrial Estate,  
New Link Road,  
Andheri ( West ),  
Mumbai - 400 053.

By order of the Board of Directors  
**For PIONEER EMBROIDERIES LIMITED**

**MANAK CHAND BAID**  
*Managing Director*

Place : Mumbai.

Date : 28th July, 2000.



**Pioneer**  
EMBROIDERIES LIMITED

## DIRECTORS' REPORT TO THE MEMBERS

To the members of Pioneer Embroideries Limited

The Directors hereby present their Eighth Annual Report on the business & operations of the Company & the Financial Accounts for the year ended March 31, 2000.

### FINANCIAL RESULTS

|   |           | (Rs. in Lacs) |
|---|-----------|---------------|
|   | 1999-2000 | 1998-1999     |
| Turnover  |           |               |
| - Domestic  | 3591.41   | 2593.84       |
| - Export  | 355.20    | 216.39        |
| Gross Profit before Financial Charges, Depreciation & Tax | 795.94    | 560.86        |
| Financial Charges   | 193.08    | 123.28        |
| Operating Profit  | 602.86    | 437.58        |
| Depreciation  | 172.05    | 136.86        |
| Profit before tax   | 430.80    | 300.72        |
| Provision for tax   | 30.00     | 30.00         |
| Profit after tax  | 400.80    | 270.72        |
| Income tax for earlier year                               | 3.92      | 00.19         |
| Net profit  | 404.73    | 270.91        |
| Cash Accruals   | 582.94    | 434.47        |
| Earning Per Share (Rs.)                                   | 6.75      | 4.52          |
| <b>Disposable Profits :</b>                               |           |               |
| Net Profit  | 404.73    | 270.91        |
| Balance of net profit brought forward from previous year  | 502.39    | 598.05        |
| Disposable Profits  | 907.12    | 868.96        |
| <b>Appropriations :</b>                                   |           |               |
| Transfer to General Reserve                               | 100.00    | 300.00        |
| Proposed Dividend   | 71.96     | 59.97         |
| Dividend Tax on Proposed Dividend                         | 7.92      | 6.60          |
| Balance of Profit carried forward to next year            | 727.24    | 502.39        |

### OPERATIONS :

The Company achieved a robust growth in the business resulting in substantially higher level of financial performance. The Turnover of the Company has increased by 40.44 % from Rs.2810.23 Lacs to Rs.3946.61 Lacs. The Domestic Turnover registered a growth of 38.46 %, whereas Export Turnover has gone up by 64.00 %. During the year under review, the Company recorded Profit Before Tax of Rs. 430.80 Lacs (Rs.300.72 Lacs) and the Profit After Tax of Rs.404.73 Lacs (Rs.270.91 Lacs) registering a growth of 43.26 % & 49.40 % respectively over the previous year. The Financial Position of your Company continues to be sound. The Net Asset Value stood at Rs.1702.05 Lacs compared to Rs.1371.04 Lacs in the previous year. The EPS rose to Rs.6.75 during 1999-2000 from Rs.4.52 in the previous year.

### Embroidery Division

During the year under review, Embroidery Division of the Company has done exceedingly well. The Company has achieved optimum capacity utilisation at its own manufacturing base & started getting job work done from outside small manufacturers to fulfill the strong demand for its products. The Company has revolutionised the Embroidery market by launching wide range of Guipure laces. The Company is confident of achieving stronger growth in current year.



### Crochet Division

During the period under review, the Company has started commercial production of expanded capacity of Crochet at Naroli. The Company has achieved production of 96.54 Lacs Mtrs. during the year against 33.83 Lacs Mtrs. achieved during previous year registering a growth of 185 %.

### DIVIDEND :

An Interim Dividend @ Rs.1.20 per equity share was declared by your board of Directors on 24th March 2000 for the financial year 1999-2000 as against Re.1.00 per equity share paid as Final Dividend in previous year. Necessary provision of Rs.71.96 Lacs for Interim Dividend and Rs.7.92 Lacs for tax thereon have been made. The Book Closure for the payment of same was from 10th May, 2000 to 20th May, 2000. To conserve the resources for future, no Final Dividend has been recommended for the year and your Directors propose that the aforesaid Interim Dividend itself be declared as Final Dividend for the year ended on 31st March, 2000.

### OVERSEAS SALES :

Your Company's effort of increasing export has resulted in an impressive rise of Export Turnover from Rs.216.39 Lacs to Rs.355.20 Lacs, a substantial increase by 64.00 percent. But still some of the major continents of international markets are to be tapped, which shall increase the bottomline further. Efforts are made to consolidate the presence of your Company in the European markets. The growth of Embroidery & Lace market is very good and the Company is expecting tremendous Export Orders.

### FUTURE SCENARIO :

During 1998-1999, the Company had taken expansion project of crochet lace by increasing its capacity by almost 10 times. The expansion project was implemented and started commercial production during the period under review and the Company was able to increase production by 185 % of previous year's production under 31 % capacity utilisation. During the current year, the Company is expecting to achieve optimum utilisation of Braided Lace Plant. The Company is further in process of consolidating its manufacturing base of embroidery and in this process has signed memorandum of understanding with promoters of Salzer Textiles Limited (100 % EOU) an Embroideries Manufacturer for taking over that Company. The Company has also added one Multi-head Embroidery Machine to cater the value added segment of Embroideries.

### MARKETING SET UP :

Your Company has well established network of branches in metro cities and dealers all over India through which it is taking care of demand for its product and is further expanding and upgrading its sales network in the Country. To introduce its product in International market with accepted standard and quality, in house team of experts is working hard to bring out product at International quality and standard. Your Company has formulated a policy with definite programme for appointment of agents all over the world for marketing its products. During the year, your Company laid more emphasis on consolidation of existing Branches and added Bangalore & Surat Branch in its Marketing Network for creating its presence in Southern market as well as Gujarat market. Your Company has been able to add new customers & new end users resulting in diversified customer base and is looking forward to expand its marketing operations and raise its product share revenues.

### CHANGE OF BANKERS :

The Company has changed its Bankers for working capital & other credit facilities to State Bank of India.

### INFORMATION TECHNOLOGY :

Your Company views Information Technology as a very critical tool for providing the competitive edge in business. Various IT initiatives in the areas of e-commerce and Customer Relationship Management are being evaluated so as to bring in more efficiency in the Supply Chain. This would help in bringing about a faster response to the changes in the market place and provide better service to the customers. The Company has floated Pioneer e-com Fashions Ltd., a new Company under the group for acquisition & developing computer aided designs for fashions, for developing Internet portals, e-com, and other matters related to information technology.

### FIXED DEPOSITS :

During the year under review the Company has not accepted any Deposits within the meaning of Section 58-A of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

### INSURANCE :

All the assets and properties of the Company are adequately insured against the risk of fire and other risks.