

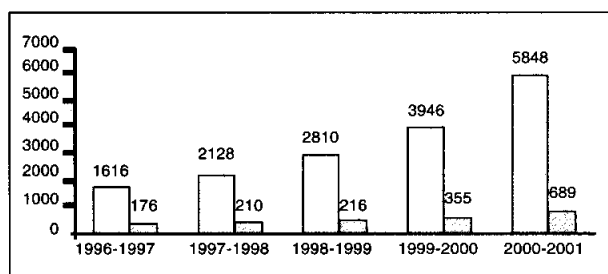
9th

ANNUAL
REPORT
2000-2001

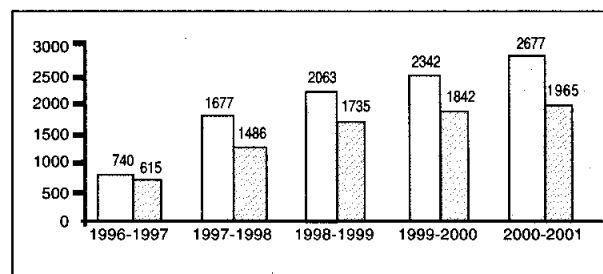
Pioneer
EMBROIDERIES LIMITED

a stitch ahead of time

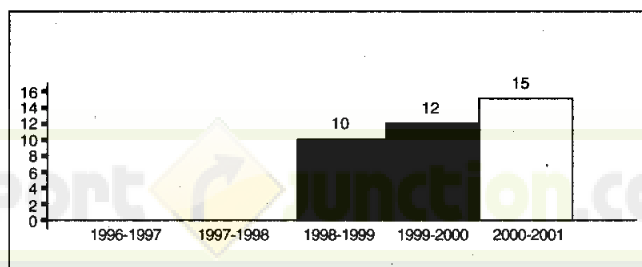
Turnover



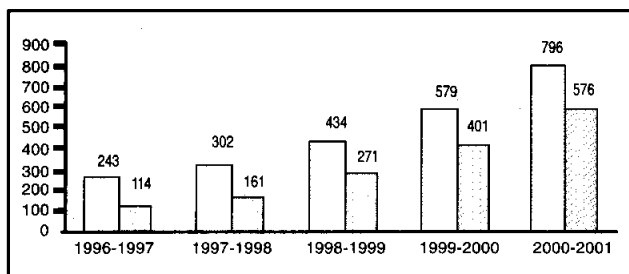
Gross & Net Block



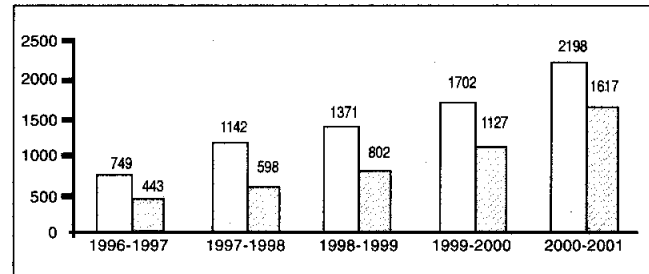
Dividend



Cash Accruals & Profits



Networth & Reserves





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10. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution :

RE-APPOINTMENT & REMUNERATION OF WHOLE-TIME DIRECTOR (Executive Director) :

" **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 re-appointment of and remuneration payable to Mr. Vijay Singh Baid as Whole-time Director of the Company for a period of 5 years commencing from 1st September, 2001 to 31st August, 2006, on the terms and conditions as set out in the agreement entered between the Company and Mr. Vijay Singh Baid, a copy of which is initialled by the Executive Chairman for the purpose of identification and is placed before this meeting for approval."

Registered Office :

Hakoba Compound, Western Express Highway,
Borivali (East),
Mumbai - 400 066.
Place : Mumbai.
Date : 28th July, 2001.

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

MANAK CHAND BAID
Managing Director

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. 6,7,8,9 and 10 as set out above are enclosed herewith.
4. The Board of Directors of Pioneer Embroideries Limited at their meeting held on 22nd June, 2001 has proposed a dividend of Rs.1.50 per equity share for the financial year 2000-01.
5. The Register of members & Share Transfer Books shall remain closed from 11-09-2001 to 25-09-2001 (both days inclusive).
6. 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.
7. 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.
8. Members are requested to bring their copies of the Annual Report and Accounts to the meeting.
9. 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.



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ANNEXURE TO THE NOTICE

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

ITEM NO. 6 :

Since the incorporation of the Company on 25th October 1991, the Company's Articles of Association have not been substantially altered. Many of the provisions contained in the articles are not in conformity with the current provisions of the Companies Act, 1956 as amended from time to time, and your Directors consider it desirable to take this opportunity of adopting new articles of Association that would not only be in conformity with the provisions of the Act and the various Rules made thereunder but also with the requirements of the various clauses of the Listing Agreement as amended by the Stock Exchanges where the shares of the Company are listed.

Your attention is invited particularly to the following changes, which will be introduced by the adoption of the new Articles of Association.

1. Issue of Share Capital with differential Voting Rights
2. Buy back of Securities
3. Postal Ballot
4. Appointment of Director by Small Shareholders

A copy of the draft of the new Articles of Association is available for inspection of the members at the Company's Registered Office between 10:00 A.M. to 12:30 P.M. on any working day.

All the Directors may be deemed to be interested or concerned in the adoption of new Articles of Association to the extent of the amendments proposed to the existing provisions relating to the remuneration of Directors.

Your Directors recommend the resolution for approval of the members.

ITEM NO. 7 & 8:

The Board of Directors appointed Mr. Mahesh Singhi and Mr. Surendra Kumar Dugar as Additional Directors of the Company at their Meeting held on 20.10.2000 and 25.04.2001 respectively. As per the provisions of section 260 of the Companies Act, 1956, they hold the office of Director only upto the date of ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from the members of the Company signifying their intention to propose appointment of Mr. Mahesh Singhi and Mr. Surendra Kumar Dugar as Directors alongwith deposit of rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of their services.

None of the Directors except Mr. Mahesh Singhi and Mr. Surendra Kumar Dugar are, in any way, concerned or interested in the said resolutions.

Your Directors recommend the resolution for approval of the members.

ITEM NO. 9 :

In the context of the proposal to expand the equity base of the Company, it is proposed to convert the unissued portion of the 10% Optional Redeemable Convertible Preference Shares of Rs. 100/- each as equity shares of Rs. 10/- each of the Company. As required under section 16 of the Companies Act, 1956, the alterations proposed in the Capital Clause of the Memorandum & Articles of Association are being placed before the meeting for approval. Copies of the Memorandum & Articles of Association of the Company are available for inspection by the members at the Company's Registered Office between 10:00 A.M. to 12:30 P.M. on any working day.

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

Your Directors recommend the resolution for approval of the members.

ITEM NO. 10 :

Members are aware that Mr. Vijay Singh Baid was appointed as Whole-time Director of the Company for a period of Five years from 1st September, 1998. Under the active control of Mr. Vijay Singh Baid, the Company has recorded all round growth in its business and more particularly in its Crochet Division. The present term of appointment of Mr. Vijay Singh Baid as Whole-time Director will expire on 31st August 2001. The Board of



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Directors feels that for the sake of continuity of the present management and for efficient running of the business of the Company, the services of Mr. Vijay Singh Baid should be available to the Company for a further period of five years with effect from 1st September 2001.

Subject to the approval of the shareholders and in terms of the provisions of the Articles of Association of the Company, the Board of Directors at their meeting held on 28th July 2001 re-appointed him as a Whole-time Director for a further period of five years commencing from 1st September, 2001 to 31st August, 2006. The main terms and conditions of Mr. Vijay Singh Baid's re-appointment are as under.

SALARY : Rs.40,000 per month for the first year of tenure of his office and will be entitled to an increment in remuneration of Rs.5,000 per month every year during the remaining tenure of his office. All the other terms & conditions of appointment and payment of remuneration of Mr. Vijay Singh Baid, except clause relating to Salary as enumerated in clause 1, 2, 3-A to 3-C and 4 to 13 of the Agreement dated 25-10-1996 shall remain in force and are not altered or varied.

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

The principle terms and conditions of Mr. Vijay Singh Baid as Whole-time Director is set out in the Agreement referred to in the resolution at item no. 10 of the notice on which his re-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. Vijay Singh Baid himself shall be deemed to be interested or concerned in this resolution.

Your Directors recommend the resolution for approval of the members.

Registered Office :

Hakoba Compound, Western Express Highway,
Borivali (East),
Mumbai - 400 066.

Place : Mumbai.

Date : 28th July, 2001.

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

MANAK CHAND BAID
Managing Director



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DIRECTORS' REPORT TO THE MEMBERS

To the members of Pioneer Embroideries Limited

Your directors have pleasure in placing their report on the business and operations of the Company along with the Audited Accounts for the financial year ended March 31, 2001.

FINANCIAL RESULTS :

		(Rs. in Lacs)
	2000-2001	1999-2000
Turnover – Domestic	5159.62	3537.64
– Export	688.70	355.20
Gross Profit before Financial Charges, Depreciation & Tax	1033.66	795.94
Financial Charges	214.21	193.08
Operating Profit	819.45	602.86
Depreciation	213.73	172.05
Profit before tax	605.73	430.80
Provision for tax	30.00	30.00
Profit after tax	575.73	400.80
Income tax for earlier year	13.52	3.92
Net profit	589.25	404.73
Cash Accruals	795.62	579.02
Earning Per Share (Rs.)	9.60	6.75
Disposable Profits :		
Net Profit	589.25	404.73
Balance of net profit brought forward from previous year	727.24	502.39
Disposable Profits	1316.49	907.12
Appropriations :		
Transfer to General Reserve	200.00	100.00
Proposed Dividend	90.00	71.96
Dividend Tax on Proposed Dividend	9.18	7.92
Balance of Profit carried forward to next year	1017.32	727.24

OPERATIONS :

Despite overall recession in the textile industry during the last few years, the Company has once again managed to report a sustained growth in its performance, with both the topline and the bottomline improving considerably. Pioneer achieved a sales turnover of Rs. 5848.32 Lacs (previous year Rs.3892.84 lacs) achieving growth of 50.23 % with export turnover of Rs.688.70 Lacs (previous year Rs.355.20 lacs) increasing its revenues from exports by 93.89 %. Profit before tax totalled to Rs.605.73 Lacs compared to Rs.430.80 Lacs for the year ended 31st March 2001, considerable increase of 40.61% over the previous year. Profit after tax for the year totalled to Rs.575.73 Lacs (previous year Rs.400.80 lacs), registering a jump by 43.65 %. The EPS rose to Rs.9.60 during 2000-01 as compared to Rs.6.75 in the previous year. Both the embroidery division and crochet division has performed at satisfactory capacity during the period under review.

MANAGEMENT CONTROL OVER SALZER TEXTILES LIMITED :

Your Company has acquired the management control over Coimbatore based Salzer Textiles Limited, 100 % EOU, an embroidery manufacturer by acquiring 49.11% stake in the company and complied with all the statutory requirements including regulation under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.



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CAPACITY EXPANSION :

Keeping in view the ever increasing demand for its products, reducing dependence on the supply from outside parties, increasing the market share & maintaining the present growth in future, your Company further plans to consolidate its manufacturing base. In this process the company has taken over Coimbatore based Salzer Textiles Limited, with an installed capacity of 540 million stitches p.a. and thereby strengthening its presence in the southern region of the country. Also the latest in this process, the Company has acquired the manufacturing base of Fancy Corporation Limited at Borivali, Mumbai and is planning to install 6 high speed computerized embroidery machines with an installed capacity of 1284 million stitches p.a. at a estimated project cost of Rs.2600 Lacs under TUFs.

FUTURE SCENARIO :

The Company always worked with the aim and determination of increasing shareholders wealth by utilizing the available resources in the best possible manner and by increasing capacities with their optimum utilisation. Pioneer is the only Company having all the facilities under one roof starting with doubling & twisting of yarn to dyeing & finishing of embroideries. With these expansion and acquisition, the Company is confident of repeating the performance in years to come and targeting to double its turnover from Rs.58.48 Cr. to 100 Cr. by March 2003.

DIVIDEND :

In line with the improved performance, and confident of the Company's future growth, the management have recommended dividend of 15% for the year ending on 31.3.2001 up from 12 % declared for the year ended on 31.3.2000, which, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of your Company for the said year.

OVERSEAS SALES :

On the Export front also, your Company has managed to show a consistent performance. Exports have risen from Rs. 355.20 Lacs in 1999-00 to Rs. 688.70 Lacs in 2000-01 up by 93.89 %. With the acquisition of Salzer Textiles Limited an EOU and with import of high speed computerized embroidery machines, the Company plans to make significant headway in the international market and increasing its share of exports vis-à-vis the total sales of the Company to 25 % in next couple of years.

MARKETING :

From the very inception, your Company have given the strong emphasis on the marketing side with the belief that if you have the customer with you, you can manufacture any thing. Along with this, the Company always keep pace with the changing fashions world wide to provide its customers latest in fashion ahead of time. With latest design studio in its fold and team of qualified designers working round the clock, enable it to strengthen both its design portfolio as well as its client base, especially in the export market. Your Company has been successful in establishing it's brand – 'Tulip' & 'Sweetpea' – in the garment trade circles. The brand equity & loyalty has been developed by delivering consistent quality as well as awareness to customer needs & preferences. Your Company has been organizing fashion shows for strengthening consumer awareness & increasing its market share and clientele base. Also to strengthen its presence in the retail segment, the Company has entered into a MOU for acquiring leader brand HAKOBA which has an well established brand equity in the embroideries segment.

INFORMATION TECHNOLOGY :

Your Company is effectively pursuing its IT policy for efficiency in operations and meeting customer needs to stay ahead of competition. Company is in a process of moving a step further to fully exploit the same by targeting prospective clients through net-based transactions. The Company retains its leadership position in this segment, benefiting from its wide dealer network and state-of-the-art manufacturing base incorporating latest 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.



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INSURANCE :

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

DIRECTORS :

Mr. Hemant Kumar Sethia is retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Vijay Singh Baid is also retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. During the year Mr. Mahesh Singhi & Mr. Surendra Kumar Dugar had been appointed as Additional Directors on the Board. The Company has received notices from the members signifying their intention to propose their appointment as a Director of the Company who are vacating their office in the ensuing Annual General Meeting of the Company.

AUDITORS :

M/s Mahesh Bhageria & Co., Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting and have expressed their unwillingness for re-appointment in individual capacity. However M/s Bhageria Naredi & Associates, Chartered Accountants, have indicated their willingness for appointment as Auditors of the Company at the ensuing Annual General Meeting. The Board of Directors have received certificates from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Your Directors recommend their appointment.

AUDITORS' REPORT :

The Auditors' Report is self-explanatory, hence does not require any clarification.

INDUSTRIAL RELATIONS :

Your Company as an organization is committed to creation of wealth for the benefit of all stakeholders. It is our firm belief that the growth of the organization is dependent on the growth of its individuals. All the policies in your Company are employee oriented and devised with our "People First" philosophy in mind. Employee relations in the Company's units remained harmonious. Your Company regards the staff & workers as partners in its progress and happily shares with them the rewards of growth.

SAFETY, HEALTH AND ENVIRONMENT :

With continued focus on Safety, Health & Environment Management, your Company has achieved significant progress during the year in this important key result area. There is continued awareness & implementation of basic safety systems. However, no amount of effort is ever enough and the Company will continue to enhance safety awareness and education amongst its employees. Through ongoing programmes of continuous reduction of the environmental impact of operations, the environmental loads of key parameters have reduced further and more particularly in Process House of the Company.

CORPORATE GOVERNANCE :

Your Company has initiated the steps towards implementation of the requirements of Corporate Governance. In this respect, Audit Committee, Management Committee & Corporate Governance Committee is being formulated.

DISCLOSURES U/S 217 :

None of the employees of the Company qualify for remuneration U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and hence no particulars are given. However, the disclosures to be made pursuant to the provision of Section 217 (1) (e) of the Companies Act, 1956 are given in the Annexure to this report.

TRADE PARTNERS :

Your Directors thank the Union Government & the Governments of State & Union Territories, as also the various Government Agencies, Banks, Financial Institutions, Customers, Vendors and other related organisations, who,



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through their continued support & co-operation have helped, as partners in the Company's progress. It will be your Company's continued endeavour to build & nurture strong links with trade, based on mutuality, respect and co-operation, and consistent with consumer interests.

SECRETARIAL COMPLIANCE REPORT :

As a reflection of your Company's commitment to transparency, the Board is pleased to enclose the Secretarial Compliance Report for the year 2000-01, as part of this Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors has selected such accounting policies and applied them consistently and made judgements and estimates that 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 financial year and of the profit of the Company for the year;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT :

The Board of Directors thanks Ministry of Finance, Deptt. Of Economic Affairs and Reserve Bank of India, Excise & Customs Authorities for their guidance and continued support provided to the Company throughout the year. The Board of Directors are also grateful to the valued customers, esteemed shareholders and public at large for their patronage and confidence reposed in the Company. The Board of Directors gracefully acknowledge the commitment, sense of involvement, contribution and dedication exhibited by all the staff & workers in the overall development, growth and prosperity of the Company.

For and on behalf of the Board of Directors
For **PIONEER EMBROIDERIES LIMITED**

Place : Mumbai.
Date : 28th July, 2001..

RAJ KUMAR SEKHANI
Executive Chairman