

13th Annual Report *2004-2005*



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**PIONEER GROUP****BOARD OF DIRECTORS AND OTHER INFORMATION****Board of Directors**

RAJ KUMAR SEKHANI	Executive Chairman
HARSH VARDHAN BASSI	Executive Director
MAHESH SINGHI	Director
AJAY KUMAR AGRAWAL	Director
DEV RAJ MEHTA	Director
BABULAL CHORARIA	Additional Director

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Bankers

STATE BANK OF INDIA
UNION BANK OF INDIA
ING VYSYA BANK LTD.

Company Secretary & Compliance Officer

ARVIND BAJPAI

Statutory Auditors

BHAGERIA NAREDI & ASSOCIATES
Chartered Accountants

Works**Embroidery Plants:**

- 1) SARIGAM : 1637, 1638-1639, G.I.D.C. Sarigam, Dist. Valsad, Gujarat
- 2) NAROLI : Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Dadra & Nagar Haveli (U.T.)
- 3) MUMBAI : Hakoba Compound, Western Express Highway, Borivali (East), Mumbai - 400 066.
- 4) COIMBATORE : Chinnamaddampalayam, Billichi Village, Coimbatore 641 019

Bobbin Lace Plants:

- 1) DADRA : Ankur, Plot No. 1, Sheetal Industrial Estate, Demni, Dadra & Nagar Haveli (U.T.)
- 2) NAROLI : Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Dadra & Nagar Haveli (U.T.)
- 3) KARAD : Survey No. 150/4, Village Karad, Silvassa, Dadra & Nagar Haveli (U.T.)

Process House : 1638-1639, G.I.D.C., Sarigam, Dist. Valsad, Gujarat

Offices

- Registered Office : Hakoba Compound, Western Express Highway, Borivali (East), Mumbai - 400 066
- Delhi Office : 4986, Baratooti Sadar Bazar, 1st Floor, Delhi - 110 006.
- Kolkata Office : 14/2, Old China Bazar Street, 2nd Floor, Room No. 135, Kolkata - 700 001
- Ahmedabad Office : 42, Mahalaxmi Complex, Ghee Kanta Road, Ahmedabad - 380 001
- Bangalore Office : 37/115, 2ndMain Road, Gangadara Layout, 2ndFloor,Vijaya Nagar, Bangalore-560 040.
- Surat Office : Adarsh Market - 2, Shop No. 546 & 547, Ring Road, Surat - 395 002
- Mumbai Sales Office : Godown No.1, Rajada Chawl No.2/4, Old Hanuman 2ndCross Road, Mumbai - 400 002
- Telephone No. : 91-22-5699 7888-93
- Fax No. : 91-22-2854 6819
- Website : www.pelhakoba.com
- E-mail Address : mumbai@pelhakoba.com
- ISIN for dematerialisation : INE156C01018
- Share Transfer Agent : INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai - 400 078.

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**PIONEER GROUP****NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Pioneer Embroideries Limited will be held on **Thursday, the 29th September 2005** at **The Avenue, Thakur Complex, Western Express Highway, Kandivali (East), Mumbai - 400 101**, at **04:00 P.M.** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To declare Dividend on ordinary shares for the financial year ending on 31st March 2005.
3. To appoint Director in place of Shri Mahesh Singhi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Director in place of Shri Dev Raj Mehta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint 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.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

Issue of Bonus Shares

"RESOLVED THAT pursuant to the recommendation of the Board of Directors and pursuant further to Article 203 of the Articles of Association of the Company, a sum of Rs. 3,43,68,420/- (Rupees Three Crore Forty Three Lac Sixty Eight Thousand Four Hundred and Twenty only) be capitalised out of the General Reserve Fund and distributed by way of issuing equity shares of Rs 10/- each credited as fully-paid Bonus Shares to the holders of the Equity Shares registered in the books of the Company as on the Record Date to be fixed by the Board hereafter for the purpose, in proportion of 1 (One) equity share of Rs. 10/- each for every 2 (Two) existing Equity Share(s) of Rs. 10/- each held by them on the footing that they become entitled thereto as capital and not as income and that such new shares, as and when issued as fully paid, shall rank *pari passu* in all respect with the existing issued Equity Shares except for dividend which shall be pro-rata from the date of allotment of such shares."

"RESOLVED FURTHER THAT any of such new Equity Shares which, on an exact distribution in the proportion aforesaid, would fall to be allotted in fractions, if any, be allotted in the name of Shri Ajay Kumar Agrawal, Director of the Company upon trust to sell the same within 3(three) months in the market at the best available price and distribute the sale proceeds after deducting the expenses, if any, amongst the shareholders entitled to such fractions *pro rata* in accordance with their rights."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

Alteration in Authorised Share Capital of the Company

"RESOLVED THAT pursuant to the provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for conversion of unissued portion of Authorised Share Capital of the Company represented by 10,00,000 Preference Shares of Rs. 100/- each to 1,00,00,000 Equity Share of Rs. 10/- each."

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby altered as follows:

In the said Clause, the words and figures '1,10,00,000 equity shares of Rs. 10/- each and 10,00,000 Preference Shares of Rs. 100/- each' be and are hereby substituted by the words and figures '2,10,00,000 equity shares of Rs. 10/- each'."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

Amendment in the Articles of Association of the Company

"RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby altered by substituting the words and figures '2,10,00,000 equity shares of Rs. 10/- each' in place and to the exclusion of words and figures '1,10,00,000

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equity shares of Rs. 10/- each and 10,00,000 Preference Shares of Rs. 100/- each'."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

Further Issue of Equity Shares / FCCBs / GDRs

"RESOLVED THAT pursuant to the provisions of Section 81, 81(1A) and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to compliance of SEBI Guidelines, approval of consortium of bankers/financial institutions who have granted and/or sanctioned financial facilities to the Company, and such other approvals, permissions and consents as may be necessary and subject to the approval of the concerned authorities, if any, and to the extent necessary and such other approvals, permissions, sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and / or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 70,00,000 Ordinary Equity Shares of Rs. 10/- each out of the then Authorised Share Capital of the Company at par or at premium as may be approved and may be considered appropriate by the Board and in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, for cash or for any consideration other than cash including issue / allotment of shares against acquisition of any business enterprise, whether in India or abroad, and to further create, offer, issue and allot Securities linked to Equity Shares including but not limited to Global Depository Receipts (GDRs) and / or Foreign Currency Convertible Bonds (FCCBs) / Warrants, (collectively referred to as 'Securities'), secured or unsecured, or any combination thereof, either in registered or bearer forms, so however that the total amount raised through the aforesaid securities shall not exceed US \$ 20 million or rupees equivalent thereto, including a right to retain for additional allotment as incremental funds for the Company, in one or more tranches, in the course of Domestic/ International Offerings, to Indian Investors / Foreign Investors, whether Institutions, Banks, Incorporated Bodies, Mutual Funds and / or Individuals or otherwise and whether or not such Investors are Members of the Company, as the Board or Committee may at its sole discretion decide, through public issue, right issue, preferential issue, private placement, conversion of loans or a combination thereof, at such time or times, in consultation with advisors or such persons and on such terms and conditions including the pricing of the securities, number of securities, rate of interest, conversion period and matters incidental thereto as the Board or Committee thereof may in its absolute discretion think fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board / Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer / issue / allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writing as may be necessary, proper, desirable or expedient as it may deem fit."

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

Re-appointment of Shri Raj Kumar Sekhani as the Executive Chairman of the Company

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Shri Raj Kumar Sekhani, as a Whole-time Director, designated as Executive Chairman of the Company, for a period of 5(five) years with effect from April 1, 2005 on the terms and conditions including remuneration as set out in the Agreement dated April 12, 2005 and Explanatory Statement annexed to the Notice convening this Meeting with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

Appointment of Shri Harsh Vardhan Bassi as the Executive Director of the Company

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Shri Harsh Vardhan Bassi, as a Whole-time Director, designated as Executive Director of the Company, for a period of 3(three) years with effect from October 29, 2004, on the terms and conditions including remuneration as set out in the Agreement dated November 1, 2004 entered into between the Company and Shri Harsh Vardhan Bassi and Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

Appointment of Shri Babulal Choraria as a Director of the Company

"RESOLVED THAT Shri Babulal Choraria who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for appointment as a Director of the Company be and is hereby appointed a Director of the Company liable to retire by rotation."

Registered Office :

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

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

Place : Mumbai.
Date : 26th August 2005.

ARVIND BAJPAI
Company Secretary

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to the businesses under Item Nos. 6 to 12 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Under the Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy may not vote except on poll.
3. Proxy Forms duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
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. 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

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Request Form (DRF) alongwith the Share Certificates through their Depository Participant (DP) to the Company's Registrar & Transfer Agent.

8. Subject to the provisions of section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable to those Shareholders, whose names appear:
 - a) As beneficial owners, as on book closure date, as per list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of the shares held in electronic form, and
 - b) As members in the Register of Members of the company after giving effect to all valid share transfers in physical form lodged with the company on or before book closure date.
9. The Register of Members and Share Transfer books of the Company will remain closed from September 14, 2005 to September 15, 2005 (both days inclusive).
10. Dividends for the Financial Year March 31, 1999 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to **Investors 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 notify any change in their address to the Registrar & Transfer Agent of the Company, M/s. Intime Spectrum Registry Limited.
12. Members are requested to apply for consolidation of folios, in case their holding are maintained in multiple folios.
13. 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.

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

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to the business mentioned under the Item Nos. 6 to 12 of the accompanying Notice.

Item 6

The Company has to the credit of its General Reserve the sum of Rs. 2,148 lac as at 31st March 2005. The Board of Directors at their Meeting held on 24th June 2005 recommended to capitalise a sum of Rs. 3,43,68,420/- (Rupees Three Crore Forty Three Lac Sixty Eight Thousand Four Hundred and Twenty only) of the General Reserve Fund to be applied for the issue of 34,36,842 equity shares of Rs. 10/- each credited as fully paid-up bonus shares. The New equity shares will be issued and allotted as bonus equity shares in the proportion of 1 (one) such new equity share credited as fully paid-up for every 2 (two) Equity Shares held by the Shareholders of the Company as on Record date to be fixed hereafter.

The new equity shares to be allotted as bonus shares shall rank *pari passu* with the existing equity shares in all respects, save and except that the new shares will rank for any dividend, on pro-rata basis from the date of allotment. The fractional entitlements, if any, of the respective members will be settled in the manner indicated in the Resolution.

Article 203 of the Company's Articles of Association authorises the capitalisation and the issue of bonus shares by the Company in the manner proposed. The Resolution as set out in the Notice is intended to give effect to the above proposal. The bonus issue is in line with the guidelines issued by the Securities and Exchange Board of India (SEBI) in this regard.

The Directors of the Company may be deemed to be interested in the Resolution to the extent of the bonus shares which may be allotted to them in respect of their existing holdings in the share capital of the Company.

The Board of Directors recommend the Resolution for approval by the Members.

Item 7 & 8

At the last Annual General Meeting of the Company, the Authorised Share Capital of the Company was increased from Rs. 1100 lac to Rs. 2100 lac by creation of additional 10 lac Preference Shares of Rs. 100/- each. However, to expand the equity base of the Company, the Board of Directors feels it desirable to convert the unissued 10 lac Preference Shares of Rs. 100/- each to 100 lac Equity Shares of Rs. 10/- each. As required under the provisions of

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Companies Act, 1956, the proposed alteration in the Capital Clause of the Memorandum and Articles of Association of the Company requires approval by the Shareholders.

Copies of amended Memorandum and Articles of Association of the Company are available for inspection by the Members of the Company at the Registered Office between 10:00 A.M. to 12:30 P.M. on any working days.

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 9

At the last Annual General Meeting, the shareholders of the Company authorised the Board for issuing further shares. However, the Board after considering the market conditions, felt that it would not be in the interest of the Company to go for further issue in the last financial year and decided to postpone the issue. The Board has decided to expand the embroidery business of the company by putting new capacity in India as well as abroad and also decided to diversify in related activity. As such the Board hereby consider to augment the long term financial resources for the Company and to meet costs in connection with the capital expansion projects, it is proposed to issue further equity shares / Foreign Currency Convertible Bonds or other suitable Financial Instruments in the Domestic as well as International market as contained in the resolution.

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 of the Companies Act, 1956 unless the shareholders in the General Meeting decide otherwise.

The Listing Agreement with the Stock Exchanges also provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be issued for subscription on pro-rata basis to the existing equity shareholders unless the shareholders decide otherwise in a General Meeting.

This is only an enabling resolution in the interest of the Company and your Directors recommend the passing of the resolution as the shareholder's consent is sought pursuant to Section 81 and 81(1A) of the Companies Act 1956.

None of the Directors is interested or concerned in the resolution, excepting the Directors who may be entitled to the securities that may be offered to them / Companies in which Directors are interested on right basis or otherwise and applied for and allotment to them.

Item 10

The present term of Office of Shri Raj Kumar Sekhani, Whole-time Director designated as Executive Chairman of the Company has expired on March 31, 2005. The Board of Directors (the Board) of the Company at their Meeting held on April 12, 2005 has, subject to the approval of the Members, re-appointed Shri Raj Kumar Sekhani as the Executive Chairman for a further period of 5 years from the expiry date of his term, on the remuneration determined by the Remuneration Committee as constituted by the Board. The Members of the Remuneration Committee met on April 12, 2005 for deciding the remuneration of Shri Raj Kumar Sekhani.

The broad particulars of remuneration payable to and the terms of re-appointment of Shri Raj Kumar Sekhani are as hereunder:

In consideration of the services rendered by Shri Raj Kumar Sekhani as the Executive Chairman of the Company, he shall be entitled to a remuneration of Rs. 1,00,000/- per month for the first year of the tenure of his office and will be entitled to an increment of 25% every year during the remaining tenure of his office.

PERQUISITES & ALLOWANCES:**PART 'A':**

The perquisites and allowances payable to the Executive Chairman shall include:

- a.) Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof;
- b.) House Maintenance Allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs;
- c.) Medical reimbursement;
- d.) Leave Travel concession for self and family including dependents;
- e.) Club Fees;
- f.) Medical Insurance

The above Perquisites & Allowances shall be restricted to an amount equal to the annual salary and subject to an



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overall ceiling of remuneration stipulated under section 198 and 309 of the Companies Act, 1956 (the Act) read with Schedule XIII thereto, or any modification(s) or re-enactment thereof. The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any Statutory modification(s) or re-enactment thereof (Income Tax Law).

PART 'B':

Company's contribution to the Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Law, and Gratuity payable and encashment of leave at the end of tenure, as per the rules of the Company and to the extent not taxable under the Income Tax Law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

PART 'C':

Reimbursement of expenses incurred for travelling, boarding and lodging in respect of the Executive Chairman and his spouse and / or attendant(s) during business trips, provision of Car for use on the Company's business and telephone at residence shall not be considered as perquisites.

The Executive Chairman shall not, during his tenure, become interested or otherwise concerned directly or through his relatives in any Selling Agency of the Company without prior approval of the Board and the Central Government.

The Office of the Executive Chairman may be terminated by the Company or the concerned Executive Chairman by giving the other three months prior notice in writing.

The terms and conditions set out for re-appointment and payment of remuneration herein may be altered and varied by the board as it may, from time to time, deem fit.

The above may also be treated as an abstract of the terms of re-appointment of Shri Raj Kumar Sekhani under section 302 of the Companies Act, 1956.

A copy of the agreement referred to in the resolution set out under item no. 11 of the Notice containing the terms and conditions of the appointment of Shri Rajkumar Sekhani as the Executive Chairman is open for inspection by the Members at the Registered Office of the Company between 10:00 A.M. to 12:30 P.M. on any working day.

A brief resume of Shri Raj Kumar Sekhani, nature of his expertise and names of Companies in which he holds directorship and membership/chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is provided in the Report on Corporate Governance forming part of the Annual Report.

Save and except Shri Raj Kumar Sekhani, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No. 10 of the Notice.

The Board commends the Resolution set out at Item No. 10 of the Notice for your approval.

Item 11

The Board of Directors (the "Board") of the Company at their Meeting held on October 29, 2004 has, subject to the approval of the Members, appointed Shri Harsh Vardhan Bassi as the Whole-time Director designated as the Executive Director for a period of 3(three) years with effect from October 29, 2004, on the remuneration determined by the Remuneration Committee as constituted by the Board. The Members of the Remuneration Committee met on November 1, 2004 for deciding the remuneration of Shri Harsh Vardhan Bassi.

The broad particulars of remuneration payable to and the terms of re-appointment of Shri Harsh Vardhan Bassi are as hereunder:

In consideration of the services rendered by Shri Harsh Vardhan Bassi as the Executive Director of the Company, he will be entitled to a Salary of Rs. 50,000/- per month for the first year of the tenure of his office and will be entitled to an increment of 10% every year during the remaining tenure of his office. He will be also entitled to the perquisites as mentioned below subject to maximum permissible under Schedule XIII to the Companies Act, 1956.

PERQUISITES : Perquisites shall be restricted to an amount equal to the annual salary. Perquisites payable to the Executive Director is categorised as under :

PART 'A'

HOUSING - Expenditure by the company on hiring unfurnished accommodation subject to a ceiling of 60% of the salary over and above 10% payable by the Executive Director. If the company does not provide accommodation to the Executive Director, house rent allowance will be paid by the company to the Executive Director as above.



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PART 'B'

- 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.
- iii) Reimbursement of actual Traveling 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, the company may, in its discretion, increase the remuneration payable to them, subject to obtaining such approvals as may be required.

The Executive Director shall not, during his tenure, become interested or otherwise concerned directly or through his relatives in any Selling Agency of the Company without prior approval of the Board and the Central Government.

The Office of the Executive Director may be terminated by the Company or the concerned Executive Director by giving the other three months prior notice in writing.

The above may also be treated as an abstract of the terms of appointment of Shri Harsh Vardhan Bassi under section 302 of the Companies Act, 1956.

A brief resume of Shri Harsh Vardhan Bassi, nature of his expertise and names of Companies in which he holds directorship and membership/chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is provided in the Report on Corporate Governance forming part of the Annual Report.

Save and except Shri Harsh Vardhan Bassi, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No. 8 of the Notice.

The Board commends the Resolution set out at Item No. 8 of the Notice for your approval.

Item 12

Shri Babulal Choraria was appointed as an additional director with effect from April 12, 2005 by the Board of Directors. In terms of section 260 of the Companies Act, 1956 and Article 139 of the Article of Association of the Company, Shri Babulal Choraria holds office as a Director upto the date of ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The Company has received a notice under section 257 of the Companies Act, 1956, alongwith the deposit of Rs. 500/- from a member proposing the candidature of Shri Babulal Choraria for the office of the Director.

The Board considers that his association as Director will be beneficial and in the interest of the Company.

A brief resume of Shri Babulal Choraria, nature of his expertise and names of Companies in which he holds directorship and membership/chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is provided in the Report on Corporate Governance forming part of the Annual Report.

Save and except Shri Babulal Choraria, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No. 12 of the Notice.

The Board commends the Resolution set out at Item No. 12 of the Notice for your approval.

Registered Office :

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

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

Place : Mumbai.
Date : 26th August 2005.

ARVIND BAJPAI
Company Secretary



PIONEER EMBROIDERIES LIMITED
.... a stitch ahead of time



PIONEER GROUP

DIRECTORS' REPORT TO THE MEMBERS

To,

The Members

PIONEER EMBROIDERIES LIMITED

Your Directors have pleasure in presenting their Report on the business and operations of your Company for the year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS:

(Rs. in Lac)

	For the Year ended 31 st March 2005	For the Year ended 31 st March 2004
Turnover – Domestic	10,802.48	8,530.73
– Export	650.51	1,342.99
Total	11,452.99	9,873.72
Profit before Financial Charges, Depreciation & Tax	2,120.48	1,821.03
Financial Charges	608.03	533.29
Profit before depreciation and tax	1,512.45	1,287.74
Depreciation	504.74	469.77
Profit before tax	1,007.71	817.97
Provision for tax for current year	70.00	55.00
Provision for deferred tax liability	36.34	33.44
Profit after tax	901.37	729.53
Income Tax for earlier year	0.33	-
Net profit	901.70	729.53
Cash Accruals	1,473.76	1,269.03
Disposable Profits		
Net Profit	901.70	729.53
Balance of net profit brought forward from previous year	1,690.13	1,600.18
Disposable Profits	2,591.83	2,329.72
Appropriations		
Transfer to General Reserve	500.00	500.00
Proposed Dividend	137.47	123.73
Dividend Tax on Proposed Dividend	17.97	15.85
Balance of Profit carried forward to next year	1,936.40	1,690.14
Per share data		
Basic & diluted Earning Per Share (Rs.)	13.12	10.61
Cash Earning per share (Rs.)	21.44	18.46
Book Value per share (Rs.)	75.87	64.87

YEAR IN RETROSPECT

During the financial year 2004-05, your Company has achieved a significant milestone with the annual turnover during the year crossing the Rs. one-bln mark for the first time since inception. Gross sales stood at Rs. 11,453 lac, up from Rs. 9,874 lac, which the Company had achieved in the previous financial year, registering a growth of 16%.

Pioneer recorded an EBITDA of Rs. 2,151 lac for the year, up about 16% over previous year figure of Rs. 1,857 lac. Interest costs rose by about 14% to Rs 608 lac, while depreciation was higher by about 7% to Rs. 505 lac. After providing for tax to the tune of Rs. 106 lac (previous year : Rs. 88 lac), net profit of the Company grew by about 24% to Rs. 902 lac. On an equity base of Rs. 687 lac, the Earnings per Share works out to Rs. 13.12 (previous year : Rs. 10.61) and Cash Earnings per Share is at Rs. 21.44 (previous year : Rs. 18.46).

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