

hakoba

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India's pride & tradition.

15th Annual Report

Year 2006 - 2007



PIONEER GROUP

PIONEER EMBROIDERIES LIMITED

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PIONEER GROUP

BOARD OF DIRECTORS AND OTHER INFORMATION**BOARD OF DIRECTORS**

RAJ KUMAR SEKHANI	Chairman & Managing Director
HARSH VARDHAN BASSI	Executive Director
BABULAL CHORARIA	Independent Professional Director
DEV RAJ MEHTA	Independent Professional Director
RAJEEV JAGDEESH PURI	Independent Professional Director
MAHENDRA SEKHANI	Independent Professional Director

CONTENTS**Page**

Notice	2
Director's Report	6
Corporate Governance Report	12
Management Discussion & Analysis Report	20
Auditor's Report	25
Balance Sheet	28
Profit & Loss Account	29
Schedules	30
Accounting Policies	37
Cash Flow Statement	44
Auditors Report on Consolidated Accounts	46
Consolidated Accounts & Notes	47
Consolidated Cash Flow Statement	60
Subsidiaries	61
Attendance Slip & Proxy Form	

BANKERS

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

COMPLIANCE OFFICER

HARSH VARDHAN BASSI

STATUTORY AUDITORS

BHAGERIA NAREDI & ASSOCIATES
Chartered Accountants

Report Junction.com

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, Billichchi Village, Coimbatore - 641 019.
- 5) BANGALORE : Plot No.7, KIDAB Industrial Area, II Phase, Jigani, Anekal Tq, Bangalore - 562 106.

Bobbin Lace Plants:

- 1) DADRA : Ankur, Plot No. 1, Sheetal Industrial Estate, Demni, Dadra & Nagar Haveli (U.T.).
 - 2) 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.
- Dope Dyed Plant : Village-Kheri, Trilokpur Road, Kala-amb, Dist Sirmour, Himachal Pradesh - 173030.

Offices

- Registered Office : Hakoba Compound, Western Express Highway, Borivali (East), Mumbai - 400 066.
- Chennai Office : Kumbhat Complex, 29 & 30, Ralan Bazar, 3rd Floor, Chennai - 600 003.
- Delhi Office : 4986, Baratooti Sadar Bazar, 1st Floor, Delhi - 110 006.
- Jaipur Office : Plot No.1, Durga Vihar, Dalda Factory Road, Near Durgapur Bus Stand, Jaipur - 302 018.
- Kolkata Office : 14/2, Old China Bazar Street, 2nd Floor, Room No. 135, Kolkata - 700 001.
- Bangalore Office : 37/115, 2nd Main Road, Gangadara Layout, 2nd Floor, Vijaya Nagar, Bangalore - 560 040.
- Surat Office : Adarsh Market 2, Shop No. 546 & 547, Ring Road, Surat - 395 002.
- Mughat Dying Lane, Near A.P. Market, Udhana, Surat - 394 210.
- Mumbai Sales Office : Godown No.1, Rajada Chawl No.2/4, Old Hanuman 2nd Cross Road, Mumbai - 400 002.
- Telephone No. : 91-22-6699 7888
- Fax No. : 91-22-2854 6819
- Website : www.pelhakoba.com
- E-mail Address : mumbai@pelhakoba.com
- Listing : Stock Exchanges at: Mumbai, Delhi, Kolkata and National Stock Exchange of India Ltd.
- 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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NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of **Pioneer Embroideries Limited** will be held on **Saturday, the September 29, 2007** at The Avenue, Thakur Complex, Western Express Highway, Kandivali (East), Mumbai 400 101 at **4:00 P.M.** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 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 2007.
3. To appoint Director in place of Mr. Babulal Choraria who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Director in place of Mr. Rajeev Jagdeesh Puri who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Joint Auditors M/s Bhageria Naredi & Associates and M/s R Kabra & Co. in place of retiring auditors M/s Bhageria Naredi & Associates 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 an **Ordinary Resolution**:

APPOINTMENT OF MR. MAHENDRA SEKHANI AS A DIRECTOR OF THE COMPANY

"RESOLVED THAT Mr. Mahendra Sekhani who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 13th August 2007 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."

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

APPOINTMENT OF MR. RAJ KUMAR SEKHANI AS CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY

"RESOLVED THAT as recommended by Remuneration Committee and Board of Directors and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII to the said Act as amended up-to-date, consent and approval be and is hereby accorded to the appointment of and the remuneration being paid or provided to Mr. Raj Kumar Sekhani as Chairman and Managing Director of the Company for a period of five years with effect from 30th August, 2007 at a remuneration of Rs. 4,00,000/- per month including perquisites and on such other terms and conditions as set out in draft Agreement, a copy whereof initialed by Mr. Harsh Vardhan Bassi, Executive Director of the Company, for the purpose of identification has been placed before this Meeting, which draft Agreement is hereby specifically approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration in the said Agreement 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 XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and / or any rules or regulations framed thereunder and the terms of the aforesaid Agreement shall be suitably modified to give effect to such variation or increase as the case may be."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Raj Kumar Sekhani's office as Chairman & Managing Director, the remuneration set out in the aforesaid draft agreement 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 of Part II of Schedule XIII to the said Act or such other amount

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as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof”.

Registered Office

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

By Order of the Board of Directors
For PIONEER EMBROIDERIES LTD.

HARSH VARDHAN BASSI
Executive Director

Place: Mumbai

Date : 30th August 2007

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 and 7 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 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 Registers of Members of the company after giving effect to all valid shares 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 26, 2007 to September 29, 2007 (both days inclusive).
10. Members wishing to claim Dividends of the previous years, which remain unclaimed, are requested to correspond with Mr. Raj Kumar Sekhani, Chairman, 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.
11. Dividend for the Financial year March 31, 2001 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 Warrant(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.
12. Members are requested to notify any change in their address to the Registrar & Transfer Agent of the company M/s. Intime Spectrum Registry Limited.
13. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
14. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.

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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 of the accompanying Notice.

Item 6

Mr. Mahendra Sekhani was appointed as an additional director with effect from August 13, 2007 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, Mr. Mahendra Sekhani's office as a Director expires on the date of ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. He shall be a Non executive - Independent Director on the Board of the Company.

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 Mr. Mahendra Sekhani for the office of the Director.

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

Save and except Mr. Mahendra Sekhani, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No. 6 of the Notice.

The Board commends the Resolution set out at Item No. 6 of the Notice for your approval.

A brief resume of Mr. Mahendra 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.

Item 7

Mr. Raj Kumar Sekhani, Promoter-Director of the Company aged 48 years is a Commerce Graduate from Calcutta University. He has been involved in the activities of manufacturing and trading in garment accessories, including embroidery fabrics, laces and knitted fabrics, for more than two decades, even before he promoted Pioneer.

Under his guidance, Pioneer has grown from a Rs 4-cr company to a Rs 170 Cr. Group, now amongst Asia's largest embroidery and lace manufacturers. His niche area of expertise and contribution has been formulating the overall company policies and taking care of the domestic as well as global marketing of the company's products. Taking over Hakoba Brand was one of his dreams coming true, and he now is working towards making Hakoba retail venture as successful as Pioneer.

In view of this the Board of Directors has decided to appoint Mr. Rajkumar Sekhani as a Chairman & Managing Director for a period of 5 years w.e.f. 30th August, 2007.

The detailed terms and conditions regarding remuneration to be paid to him is given below which is as per Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956.

1) DETAILS OF SALARY TO BE PAID IS AS FOLLOWS:

Rs. 4,00,000/- per month including perquisites.

2) MINIMUM REMUNERATION:

Where in any financial year, during the tenure of Chairman & Managing Director, 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 XII to the Companies Act, 1956.

3) 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 Chairman & Managing Director holds office as such, subject to the provisions of Section 283(1) of the Companies Act, 1956.

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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 302 of the Companies Act, 1956.

These appointment have been made under Schedule XIII in part II in Section II (1) (A) (i) of the Companies Act, 1956.

The Board recommends the Resolutions in the best interest of the Company for your approval.

None of the Directors of the Company except Mr. Raj Kumar Sekhani is concerned or interested in the resolution.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING SELECTION AT THE ANNUAL GENERAL MEETING

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

- i) **Mr. Babulal Choraria**, aged 51 years is a graduate in Science from University of Madras. He is also a Fellow Member of The Institute of Chartered Accountants of India. Shri Choraria over 32 years of experience in the field of Accounts, Audit and providing management consultancy. He is a Partner Renowned firm of Chartered Accountants M/s. Singhi & Company since 1984.
- ii) **Mr. Rajeev Jagdeesh Puri**, aged 47 years holds a bachelors degree in Mechanical Engineering and is Master of Business Administration. Mr. Puri is having high caliber and over 15 years of experience with extensive knowledge of International Textile Market. He is expertise in Development of new markets, Planning and Implementations of Sales and Marketing strategies, management of key International Accounts, Product Research and Development. He is also a Director in Caylx International Limited, U.K. and is a Member of Audit Committee.
- iii) **Mr. Mahendra Sekhani**, aged 42, is a Graduate in Commerce and having rich experience in Textile Industry over 20 years. He is also having rich experience in Accounts and Commercial activities. By appointing him the Company will be benefited by his expertise and experience.

Registered Office

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

Place: Mumbai

Date : 30th August 2007

By Order of the Board of Directors
For PIONEER EMBROIDERIES LTD.

RAJ KUMAR SEKHANI
CHAIRMAN

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DIRECTOR'S REPORT TO THE MEMBERS

To,
The Members,
PIONEER EMBROIDERIES LIMITED

Your Directors have pleasure in presenting their Fifteenth Report on the business and operations of your Company for the year ended 31st March 2007.

FINANCIAL HIGHLIGHTS:

(Rs. In lacs)

	For the Year ended 31st March 2007	For the Year ended 31st March 2006
Turnover - Domestic	13,868.28	12,793.95
- Export	1,221.21	688.08
Total	15,089.49	13,482.03
Profit before Financial Charges, Depreciation & Tax	3,235.04	2,596.60
Financial Charges	992.64	784.42
Profit before depreciation and tax	2,242.40	1,812.18
Depreciation	724.42	750.48
Profit before tax	1,517.98	1,061.70
Provision for tax for current year	100.00	100.00
Provision for deferred tax liability	160.72	(34.41)
Provision for Fringe Benefit Tax	9.60	6.85
Profit after tax	1,247.66	989.26
Income Tax for earlier year	(73.48)	(15.12)
Net profit	1,321.14	1,004.38
Cash Accruals	2,206.28	1,720.45
Disposable Profits		
Net Profit	1,321.14	1,004.38
Balance of net profit brought forward from previous year	2,264.43	1,936.40
Disposable Profits	3,585.57	2,940.78
Appropriations		
Transfer to General Reserve	500.00	500.00
Proposed Dividend	177.21	154.66
Dividend Tax on Proposed Dividend	30.12	21.69
Balance of Profit carried forward to next year	2,878.24	2,264.43
Per share data		
Basic Earning per share (Rs.)	11.34	8.63
Diluted Earning per share (Rs.)	10.51	8.63
Book Value per share (Rs.)	68.79	65.04

YEAR IN RETROSPECT

During the year under review, Pioneer Embroideries Limited continued to register substantial growth in its overall sales. Gross Sales stood at Rs. 15089 lacs, up from Rs. 13482 lacs previous year. We achieved a growth of 11.92 % compared to the previous financial year.

Earnings before interest, depreciation, tax and amortisation for the period stood at Rs. 3235 lacs. This implies a margin of 21.44 % on Gross Sales. With high interest cost Rs. 993 lacs and depreciation Rs. 724 lacs, Profit before Tax for the Company stood at Rs. 1518 lacs. The Net Profit for the year, after providing for current tax, deferred tax and fringe benefit tax liability, stood at Rs. 1321 lacs.

As of March 31, 2007, an amount of Rs. 500 lacs was transferred from Profit & Loss Account to the General Reserve.

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

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EXPORTS

For the Financial Year ended 31st March 2007, our Direct Export Sales was Rs. 1221 lacs. This is an increase of Rs. 533 lacs as compared to Rs. 688 lacs in the previous year. We boast of having countries as USA, Mexico, Brazil, Chile, Argentina, Venezuela, Panama, Guatemala, Senegal, Kenya, UAE, South Africa, Sri Lanka, Bangladesh & Hong Kong on our clientele to export to.

SCHEME OF AMALGAMATION

The procedure for amalgamation of Grant Apparel Private Limited and Royal Embroideries Private Limited was completed and the Company got the order from Hon'ble Bombay High Court and Hon'ble Karnataka High Court respectively. As per the order, the Company allotted 13,33,333 equity shares on 30th March, 2007 to the shareholders of Royal Embroideries Pvt. Ltd.

CAPITAL

The Company has allotted 13,33,333 equity shares on 30th March, 2007 to the shareholders of Royal Embroideries Pvt. Ltd. consequent to the Scheme of Amalgamation approved by the Hon'ble High Court, Bombay and Hon'ble Karnataka High Court. The Company received the permission for listing of these shares from BSE and NSE.

Consequent to the approval accorded by the Members at the 14th Annual General Meeting held on 29th December, 2006 the Company has issued 45,00,000 Share Warrants. Out of which 1,70,000 Share Warrants has been converted in to 1,70,000 equity shares as per the terms of issue and these shares were allotted on 30th March, 2007. The balance Share Warrant holders are yet to exercise their option for conversion of warrants into equity shares.

FCCBs

As per the approval given by the Members in the last Annual General Meeting held on 29th December, 2006, the Company has issued Foreign Currency Convertible Bonds (FCCBs) amounting to USD 30 Million in the month of May 2007. These Bonds are convertible into Equity Shares within the period of 5 years. Pending utilisation of funds, the Company has parked these funds into Fixed Deposits with the bank abroad.

LISTING

The Equity Shares of the Company are listed with the BSE, NSE, Delhi and Kolkata. The company has applied for delisting the Company's Equity Shares from the Stock Exchanges at Delhi and Kolkata and yet to receive the permission for delisting from these Stock Exchanges. However the Company got the permission for delisting of Equity Shares from Ahmedabad Stock Exchange.

The Company has paid the listing fees for the year to all the stock exchanges where the shares of the Company are listed.

DIVIDEND

The Directors have recommend a dividend of Rs. 1.50 per share (previous year Rs. 1.50 per Equity Share on 1,03,10,526 Equity Shares) on 1,18,13,859 Equity Shares of Rs. 10/- each for the financial year 2006-07. The total amount of Dividend including Dividend Tax is Rs. 207 lacs as against Rs 176 lacs in the previous year. The payout ratio for the year under review is 15.67% (previous year: 17.56%).

CAPITAL EXPENDITURE

The company has set up a Dope Dyed Yarn manufacturing plant at Kala Amb, Himachal Pradesh with a Capacity of 6,000 tpa with an investment of Rs 4800 lacs. Commercial production for the first phase has already commenced in the month of April 2007. In the second phase production capacity will be further increased totaling to 20,000 tpa with total investment of Rs 6000 lacs. The end product will find application in embroideries, furnishing, carpet, weaving etc. About 8%-10% of the Production is to be used for captive purpose in embroidery segment.

SUBSIDIARY COMPANY

During the year a subsidiary company M/s Pioneer Realty Ltd. has been incorporated on 29th March, 2007 and the Certificate to Commencement of Business was obtained on 23rd May, 2007 with the investment of Rs. 5 lacs. The purpose of this company is to utilise the surplus land available with the Company.

The gross sales of the Hakoba Lifestyle Limited in current year was increased to Rs. 4329 lacs from Rs. 2166 lacs as compared to previous year. Profit after tax was also increased to Rs. 90 lacs from 61 lacs.

PIONEER EMBROIDERIES LIMITED

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The gross sale of Mas Embroideries Private Limited in current year was increased to Rs. 186 lacs from Rs. 27 lacs as compared to previous year. The Company has incurred a net loss of Rs. 27 lacs as compared to net loss of Rs. 74 lacs in previous year. The Company is hopeful of improving further with better productivity.

The Balance Sheet, Profit and Loss Account, Auditor's Report and Director's Report of its subsidiaries, Hakoba Lifestyle Limited and Mas Embroideries Private Limited has been attached.

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

RETAIL

The retail operation is being carried out through our subsidiary Hakoba Lifestyle Limited (HLL) under brand 'hakoba'. In line with HLL plan to expand its reach to customers through retail outlets, it had further added up 17 more retail outlets throughout the country making the total retail outlets to 51 as at the end of financial year 2006-07. Now, the brand 'hakoba' has its presence through retail outlets in Ahmedabad, Amritsar, Aurangabad, Bangalore (3 stores), Baroda, Chandigarh, Coimbatore (2 stores), Delhi (5 stores), Faridabad, Ghaziabad, Haldwani, Indore, Jaipur, Jalandhar, Jamshedpur, Kanpur, Kolkata (2 stores), Lucknow, Ludhiana (2 stores), Mumbai (13 stores), Patiala (2 stores), Pune, Raipur (2 stores), Rajkot (2 stores), Rudrapur, Secunderabad, Surat.

FINANCE

During the year under review, the overall gross increase in long-term borrowings of the Company was Rs 3701 lacs, mainly on account of part financing of Dope Dyed Yarn unit at Kala-amb, Bobbin Lace expansion and increase in working capital facilities. Total outstanding borrowings as on March 31, 2007 was Rs 14555 lacs, of which long-term secured borrowings is about Rs. 7345 lacs.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company are under compulsory dematerialisation mode. Till date, shares representing 84% 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

No efforts have been spared 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 have been 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.

Technical and safety training programmes are given priority.

PARTICULARS OF EMPLOYEES

The particulars of employees of the Company who receives remuneration in excess of the limits as prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given below.

Sr. No.	Name	Designation	Gross Remuneration (In Rs.)	Qualification	Exp.(Yrs.)	Date of Joining	Age(Yrs.)	Previous Employment
1	Mr. Harsh Vardan Bassi	Executive Director	24,00,000/-	B. Com.	10	10/12/2003	33	Self Employed

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DIRECTORS

During the year under review, Mr. Mahendra Sekhani was inducted on the Board as Additional Director w.e.f. from 13th August, 2007. As per the provisions of Companies Act, 1956 and those contained in the Articles of Association of the Company, his appointment as the Director of the Company requires the approval of shareholders at the ensuing Annual General Meeting of the Company.

Mr. Babulal Choraria and Mr. Rajeev Jagdeesh Puri retire by rotation at the ensuing Annual General Meeting and being eligible; offer themselves for re-appointment.

Mr Ajay Kumar Agrawal, Executive Director has resigned w.e.f 30th July, 2007, because of his ill health.

The Board sincerely appreciates and puts on record the valuable service given by Mr. Ajay Kumar Agrawal to the Company. Under his able guidance and competent handling of business, the company has witnessed phenomenal growth in terms of capacity, business volume and margins.

The Board extends its warm wishes to him for every success in his personal life as well as in his working field.

CHAIRMAN & MANAGING DIRECTOR

The Board of Directors of the Company has appointed Mr. Rajkumar Sekhani as Chairman & Managing Director of the Company for a period of 5 years with effect of 30th August, 2007 subject to approval of Members in Annual General Meeting. The appointment and payment of remuneration is subject to the provisions of Schedule XIII of the Companies Act, 1956.

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 Accountings Standards prescribed by the Institute of Chartered Accountants of India. As a consequence, the Company is obliged to make a provision for deferred tax liability net of deferred tax asset in the accounts. In the year under review, the company has provided deferred tax liability of about Rs. 161 lacs, and the total outstanding deferred tax asset as on 31st March 2007 stood at Rs. 90 lacs.

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statement read with Accounting Standard AS-23 on Accounting for Investment in Associates, your Directors provide the Audited Consolidated Financial Statements in the Annual Report.

As a group, the Pioneer group has total sales of Rs. 17214 lacs and a profit after tax of Rs. 1365 lacs.

AUDITORS

M/s Bhageria Naredi & Associates and M/s R Kabra & Co. are to be appointed as a Joint Auditors in place of retiring auditor M/s Bhageria Naredi & Associates 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 remunerations.

AUDITOR'S REPORT

The Auditor's Report to the shareholders is self-explanatory and do not contain any qualifications.

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 2006-07, the applicable Accounting Standards have been followed and there are no material departures;
- (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 financial year and of the profit of the company for the financial year;