

**17<sup>th</sup>**  
**Annual Report**  
**2009**



PIONEER GROUP

**PIONEER EMBROIDERIES LIMITED**

....a stitch ahead of time



## BOARD OF DIRECTORS AND OTHER INFORMATION

### BOARD OF DIRECTORS

RAJ KUMAR SEKHANI	Chairman & Managing Director
HARSH VARDHAN BASSI	Executive Director
ANAND KUMAR JAIN	Independent Professional Director
SAMUEL JOSEPH JEBARAJ	Nominee of EXIM Bank

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### BANKERS

STATE BANK OF INDIA  
UNION BANK OF INDIA

### COMPLIANCE OFFICER

N. K. JAIN

### STATUTORY AUDITORS

BHAGERIA NAREDI & ASSOCIATES  
*Chartered Accountants*  
R. KABRA & CO.  
*Chartered Accountants*

### Works

#### Embroidery Plants:

- 1) SARIGAM : 1637, 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) THANE : Unit No.-1, Vimal House, Dhanji Udyog Nagar, Pankar Pada, Mira Road, Thane
- 4) COIMBATORE : Chinnamaddampalayam, Billichi 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.)
- 3) COIMBATORE : Chinnamaddampalayam, Billichi Village, Coimbatore - 641 019

Process House : 1638, 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 : Unit No. 101B, 1st Floor, Abishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058

Corporate Office : 318, 3rd floor, Linkway Estate, New Link Road, Chincholi Bunder, Malad (West), Mumbai - 400 064

Chennai Office : Kumbhat Complex, 29 & 30, Ralan Bazar, 3<sup>rd</sup> Floor, Chennai - 600 003

Delhi Office : 4986, Baratooti Sadar Bazar, 1<sup>st</sup> Floor, Delhi - 110 006

Manesar Office : Plot No. 18, Sector-4, IMT Manesar, Gurgaon, Haryana (122050)

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, 2<sup>nd</sup> Floor, Room No. 135, Kolkata - 700 001

Bangalore Office : 37/115, 2<sup>nd</sup>Main Road, Gangadara Layout, 2<sup>nd</sup>Floor,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 2<sup>nd</sup>Cross Road, Mumbai - 400 002

Telephone No. : 91-22-6699 7888, 4223 2323

Fax No. : 91-22-4223 2313

Website : www.pelhakoba.com

E-mail Address : mumbai@pelhakoba.com

Listing : Stock Exchanges at: Mumbai and National Stock Exchange of India Ltd

ISIN for dematerialisation : INE156C01018

Share Transfer Agent : LINK INTIME INDIA PVT. LTD.

C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078

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**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of **Pioneer Embroideries Limited** will be held on **Thursday, the December 31, 2009** at The Green Village, Malavani Church, Opp. Akashwani Kendra, Marve Road, Malad (West), Mumbai 400 095 at **9:30 A.M.** to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2009 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**APPOINTMENT OF MR. ANAND KUMAR JAIN AS A DIRECTOR OF THE COMPANY**

"RESOLVED THAT Mr. Anand Kumar Jain who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 20th July, 2009 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**

Unit No.101B, 1st Floor, Abishek Premises,  
Plot No. C5-6, Dalia Industrial Estate,  
Off. New Link Road,  
Andheri West, Mumbai - 400 058

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

**HARSH VARDHAN BASSI**  
Executive Director

**Place:** Mumbai

**Date :** 30<sup>th</sup> November, 2009

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**NOTES:**

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to the businesses under Item Nos.3 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. The Register of Members and Share Transfer books of the Company will remain closed from December 24, 2009 to December 31, 2009 (both days inclusive).
9. Members wishing to claim Dividends of the previous years, which remain unclaimed, are requested to correspond with Mr. N. K. Jain, Company

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Secretary and Compliance Officer, at the Company's Registered Office. Members are requested to note that Dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.

- 10 Dividend for the Financial year March 31, 2003 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to **Investor Education and Protection Fund (IEPF)**. Members who have not so far encashed Dividend Warrant(s) for the aforesaid years are requested to seek issue of Duplicate Warrants(s) by writing to the Company immediately. **Members are requested to note that NO CLAIMS shall lie against the Company or IEPF in respect of any amounts that were unclaimed and unpaid for a period of 7 years from the dates they first became due for payment and no payment shall be made in respect of any such claims.**
11. Members are requested to notify any change in their address to the Registrar & Transfer Agent of the company M/s. Link Intime India Pvt. Limited.
12. Members are requested to apply for consolidation of folios, in case their holdings 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. 3 of the accompanying Notice.

**Item 3**

Mr. Anand Kumar Jain was appointed as an additional director with effect from July, 20, 2009 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. Anand Kumar Jain's office as 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 Professional Directors 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. Anand Kumar Jain for the office of the Director.

The Board considers that his association as Directors will be beneficial and in the best interests of the Company.

Save and except Mr. Anand Kumar Jain, none of the other Directors of the Company is, in any way, concerned or interested in the Resolutions set out at Item No. 3 of the Notice.

The Board commends the Resolution set out at Item No. 3 of the Notice for your approval.

A brief resume of Mr. Anand Kumar Jain, 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.

**Registered Office**

Unit No. 101B, 1st Floor, Abishek Premises,  
Plot No. C5-6, Dalia Industrial Estate,  
Off. New Link Road,  
Andheri West, Mumbai - 400 058

Place: Mumbai

Date : 30<sup>th</sup> November, 2009

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

**HARSH VARDHAN BASSI**  
Executive Director

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**DIRECTOR'S REPORT TO THE MEMBERS**

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED

Your Directors present their Seventeenth Report on the business and operations of your Company for the year ended 30th September, 2009.

**FINANCIAL HIGHLIGHTS:**

	(Rs. in Lacs)	
	For the year ended 30th September, 2009	For the 18 Months Period ended 30th September, 2008
Turnover - Domestic	11,740.57	22,718.84
- Export	564.48	1,771.86
<b>Total</b>	<b>12,305.05</b>	<b>24,490.70</b>
Profit /(Loss) before Financial Charges, Depreciation & Tax	498.96	(2,058.69)
Financial Charges	1,628.63	2,387.51
Profit /(Loss) before Depreciation and Tax	(1,129.67)	(4,446.20)
Depreciation	1,125.22	1,461.44
Profit/(Loss) before Tax	(2,254.89)	(5,907.64)
Provision for tax for current year	-	-
Provision for Deferred Tax Liability/(Asset)	(1,704.60)	183.70
Provision for Fringe Benefit Tax	4.90	20.00
Profit/(Loss) after Tax	(555.19)	(6,111.34)
Income Tax for earlier period	(0.77)	57.64
<b>Net Profit/(Loss)</b>	<b>(554.42)</b>	<b>(6,168.98)</b>
Balance of net profit brought forward from previous period	(486.31)	2,878.24
<b>Disposable Profits/(Loss)</b>	<b>(1,040.73)</b>	<b>(3,290.74)</b>
<b>Appropriations</b>		
Transfer to/from General Reserve	-	2,804.43
<b>Balance of Profit/(Loss) carried forward</b>	<b>(1,040.73)</b>	<b>(486.31)</b>
<b>Per share data</b>		
Basic Earning per Share (Rs.)	(4.54)	(51.92)
Book Value per Share (Rs.)	18.10	22.64

**YEAR IN RETROSPECT**

Profit before interest, depreciation, tax and exceptional items for the year stood at Rs. 583.51 lacs (Rs. 1311.04 lacs). However, with high interest cost, depreciation and write offs loss before tax for the Company stood at Rs. 2,254.89 lacs (Rs. 5,907.64 lacs) and loss after providing tax/ deferred tax asset, stood at Rs. 554.42 lacs (Rs. 6,168.98 Lacs)

The internal and external factors responsible for the losses are:

- Pending implementation of CDR package, need based working capital limits were not released resulting into liquidity and working capital problems.
- Approx 20% production under Embroidery division were outsourced due to lack of raw materials.
- High raw materials prices of cotton.
- Overall margin pressure as prevalent in Indian Textile Industry and stiff competition from unorganized sector as well.
- Increase in depreciation and higher interest burden on account of huge expansion / acquisitions.
- Rupee appreciation as well as economic slow down affected the export orders, resulting in lower sales from embroidery fabrics to export houses.
- Severe power shortage in Tamilnadu also affected capacity utilization.
- Closure of one of Embroidery units at Bangalore.

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

**CORPORATE DEBT RESTRUCTURING**

As reported last year, the debt restructuring proposal under Corporate Debt Restructuring (CDR) mechanism was approved by CDR-EG at its meeting held on 31<sup>st</sup> January, 2009 and necessary Letter of Approval (LOA) was issued by CDR Cell on 17<sup>th</sup> February, 2009 to enable the Company to correct its

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working capital position and to reschedule its term debts in line with potential earnings.

For the purpose of implementation of the approved package, State Bank of India has been appointed as the Monitoring Institution (MI) to oversee the implementation of the package.

Now, banks and other lenders are in the process to classify and restore accounts as per restructuring scheme. The Company is regrouping and finalizing accounts in terms of the said approved scheme. As per CDR package a sum of Rs. 32.89 Crore shall be carved out of present term loans and proposed Working Capital Term Loan (WCTL) into 9% Optionally Convertible Cumulative Redeemable Preferential Share (OCCRPS) redeemable from 7th to 10th year equally and the same is pending for want of some clarifications from Stock Exchange and CDR-EG.

The impact of the CDR package excluding allotment of OCCRPS as above in respect of Secured Lenders except ING Vysya Bank Ltd has been considered in the accounts for the year under review. The Company has approached unsecured lenders and FCCB holders to accept the CDR approved package and process of negotiation is on.

Your Directors are hopeful that upon the implementation of the CDR Package in entirety, the Company shall be able to revive its operational plan and profitability.

**BUSINESS RESTRUCTURING**

In terms of CDR package the sale of unencumbered property at Borivali (Mumbai) and property at Bangalore has been mapped and proceeds are to be used to settle the outstanding FCCBs.

The Asset Sale Committee as constituted under CDR mechanism, had recommended to CDR-EG the sale price of Rs. 25.00 crores (including Rs. 6.50 Crores already received) in respect of sale of Borivali property to Joint Developer M/s Sunteck Realty Ltd., which was duly approved by CDR-EG on 30<sup>th</sup> September, 2009. The necessary conveyance for sale of Borivali property is in the process and a sum of Rs. 2.00 crore has been received from the purchaser and the balance proceeds shall be received upon conveyance.

One of the Secured Lenders, ING Vysya Bank Ltd., had refused to sign the Master Restructuring Agreement (MRA) and had initiated recovery proceedings before DRT as well as under SARFAESI Act. ING has taken forcible physical possession of Bangalore property by invoking the provisions of SARFAESI Act and had advertised in the newspaper for sale of property by inviting tenders / bids.

The Company has filed an appeal in the DRT against ING Vysya Bank Ltd. with regard to ING's recovery and against forcible physical possession and got an stay in the matter restricting ING not to sell or otherwise dealt with the Bangalore property.

**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.

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

**DIVIDEND**

In view of losses, the Directors have not recommended any dividend for the year ended 30<sup>th</sup> September, 2009.

**SUBSIDIARY COMPANIES**

The gross sales of the Hakoba Lifestyle Limited in current year decreased to Rs. 1830 lacs from Rs. 5236 lacs as compared to previous period of 18 months. Loss after tax stood at Rs. 647 lacs as compared to Rs. 4039 lacs during previous period.

The gross sales of Mas Embroideries Private Limited in current year ended 31<sup>st</sup> March, 2009 increased to Rs. 171 lacs from Rs. 170 lacs as compared to previous year. The Company has incurred a net loss of Rs. 5 lacs as compared to net loss of Rs. 8 lacs in previous year.

Pioneer Realty Ltd. had no activity during the period.

S.R Investments Limited has investment holding as a principal activity and has incurred net loss of Rs. 6 lacs excluding service charges payable to the Company.

The Balance Sheet, Profit and Loss Account, Auditor's Report and Director's Report of its subsidiaries, Hakoba Lifestyle Limited, Mas Embroideries Private Limited, and Pioneer Realty 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**

Hakoba Lifestyle Limited, a subsidiary of your Company, is in retail business with the well known Brand name "Hakoba".

As reported earlier the Company could revamp the retail business by closing non-profitable stores and opening fewer profitable outlets, resulting into positive EBIDTA during the current year. Presently, Hakoba is operating 40 stores with a mix of franchisee and company run stores.



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**DEPOSITORY SYSTEM**

The trading in the equity shares of your Company are under compulsory dematerialisation mode. Till date, shares representing 96.84% 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 period 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**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are set out in annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act read with the Clause 32 of the Listing Agreement, the Annual Report excluding the aforesaid information is being sent to all the members. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office at the Company.

**DIRECTORS**

During the year under review, Mr. Anand Kumar Jain was inducted on the Board as Additional Director w.e.f. 20<sup>th</sup> July, 2009. 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. Rajeev Jagdish Puri, Mr. Varad Khanna and Mr. Varun Kathuria have resigned as Directors of the Company w.e.f. 29<sup>th</sup> April, 2009, 1<sup>st</sup> February, 2009 and 31<sup>st</sup> July, 2009 respectively. The Board appreciates the services rendered by them during their tenure of office as Directors.

**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 assets of Rs.1704.60 lacs, and the total outstanding deferred tax assets as on 30<sup>th</sup> September, 2009 stood at Rs.1611.10 lacs.

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

**AUDITORS**

M/s Bhageria Naredi & Associates and M/s R.Kabra & Co. are to be appointed as Joint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

**AUDITOR'S REPORT**

The Auditor's Report to the shareholders is self-explanatory and qualifications, wherever stated by auditors, have been either explained in notes to accounts and are also self-explanatory.

**DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the Annual Accounts for the year 2008-09, the applicable Accounting Standards have been followed except otherwise stated in notes to Accounts and Accounting Policies;
- (ii) The accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the financial year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the

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Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;  
(iv) The annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

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

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

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

**ACKNOWLEDGEMENT**

The Management of your Company is grateful to the CDR-Cell, Government authorities, Shareholders, Valued Customers, Company's Bankers, Financial Institutions, Raw Material Suppliers, and other Business Associates for their continued support and co-operation.

The Directors also wish to place on record their appreciation of the co-operation, active involvement and dedication of the employees, which enabled the Management to contribute to the growth of your Company.

For and on behalf of the Board of Directors

Place : Mumbai.

Date : 30<sup>th</sup> November, 2009

**RAJ KUMAR SEKHANI**  
Chairman

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**ANNEXURE TO THE DIRECTORS' REPORT**

- I. Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30.09.2009.

**A) CONSERVATION OF ENERGY:**

The manufacturing processes of the Company are not energy intensive, therefore impact of energy saving devices are insignificant.

**B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

The Company has not imported any technology at any time during the last five periods except erection of modern technology based machines.

**RESEARCH AND DEVELOPMENT:**

- a) Specific areas in which R & D has carried out by the Company

The Company has carried out R & D in the area of product development & cost reduction.

- b) Benefit derived as a result of R & D.

Sales and quality of the products of the Company has improved substantially.

- c) Future Plan of action

The Company plans to strengthen its R & D activity and intensify its cost reduction programme.

- d) Expenditure on R & D

Expenditure has been incurred but no separate account is kept.

- i) Capital

- ii) Recurring

- iii) Total

- iv) Total R & D Expenditure

As a Percentage of total turnover.

**C) FOREIGN EXCHANGE EARNING AND OUTGO:**

(Rs. in lacs)

	2008-09	2007-08
Total Foreign Exchange Used (Payment Basis)	807.54	3,896.11
Total Foreign Exchange Earned	866.05	2,329.26

For and on behalf of the Board of Directors

Place : Mumbai.  
Date : 30<sup>th</sup> November, 2009.

RAJ KUMAR SEKHANI  
Chairman

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**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY**

(Rs. in thousand)

Name of subsidiary company	Financial year ending of subsidiary	Holding - %	For financial year of the subsidiary		For previous financial years since it became a subsidiary	
			Aggregate profits / losses not dealt with in the company's accounts	Aggregate profits/ losses dealt with in the company's accounts	Aggregate profits / losses not dealt with in the company's accounts	Aggregate profits/ losses dealt with in the company's accounts
1 Hakoba Lifestyle Limited	30.09.2009	85%	(54,973)	Nil	(329,541)	Nil
2 Mas Embroideries Private Limited	31.03.2009	100%	(548)	Nil	(3,452)	Nil
3 Pioneer Realty Limited	31.03.2009	100%	(32)	Nil	(25)	Nil
4 S.R Investments Limited	30.06.2009	51%	(5,133)	Nil	(3,833)	Nil

For and on behalf of the Board of Directors

Place : Mumbai.  
Date : 30<sup>th</sup> November, 2009.

**RAJ KUMAR SEKHANI**  
Chairman