

BOARD OF DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

RAJ KUMAR SEKHANI	Chairman & Managing Director
HARSH VARDHAN BASSI	Executive Director
C V RAMANA	Independent Professional Director
SUDATTA MANDAL	Nominee of EXIM Bank

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BANKERS

STATE BANK OF INDIA
UNION BANK OF INDIA

COMPLIANCE OFFICER

N. K. JAIN

STATUTORY AUDITORS

M B A H & CO
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 |

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 -173 030

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, 3rd Floor, Chennai 600 003 |
| Delhi Office | : | 4986, Baratooti Sadar Bazar, 1st Floor, Delhi 110 006 |
| Manesar Office | : | Plot No. 18, Sector-4, IMT Manesar, Gurgaon, Haryana 122 050 |
| 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, 2ndFloor, Vijaya Nagar, Bangalore560 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 2nd Cross Road, Mumbai 400 002 |
| Telephone No. | : | 91-22- 42232323 |
| Fax No. | : | 91-22- 42232313 |
| Website : | : | www.pelhakoba.com |
| E-mail Address | : | mumbai@pelhakoba.com |
| Listing | : | Stock Exchanges: Bombay Stock Exchange and National Stock Exchange of India Ltd. |
| ISIN for Dematerialisation | : | INE156C01018 |
| Share Transfer Agent | : | LINK INTIME INDIA PRIVATE LIMITED
C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078 |

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **Pioneer Embroideries Limited** will be held on **Wednesday, 28th September, 2011** 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 31st March, 2011 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 a Director in place of Mr. Raj Kumar Sekhani, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. 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:

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

APPOINTMENT OF MR. CHANDRASEKARA VENKATA RAMANA AS DIRECTOR OF THE COMPANY

"RESOLVED THAT Mr. Chandrasekara Venkata Ramana, who was appointed as an Additional Director with effect from May 6, 2011 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 161 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT any one of the Directors and Mr. N. K. Jain, Company Secretary be and are hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

Registered Office

Unit No, 101B, 1st Floor,
Abhishek 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.**

N K JAIN
CFO and Company Secretary

Place: Mumbai

Date : 9th July, 2011

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to the businesses under Item No. 4 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 September 21, 2011 to September 28, 2010 (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 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, 2004 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 Share Registry 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.
14. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No.17/2011 dated 21st April, 2011 and Circular No.18/2011 dated 29th April, 2011 has allowed companies to send Annual Report comprising of Balance sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and circulars issued by MCA, we propose to send future communication in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communications through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, e-mail id) on the Company's e-mail address viz. mumbai@pelhakoba.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

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 No. 4 of the accompanying Notice.

Item 4

Mr. Chandrasekara Venkata Ramana was appointed as an Additional Director by the Board of Director w.e.f. May 6, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 139 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the Company proposing her candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956 alongwith the deposit of Rs.500/-.

The Board feels that presence of Mr. Chandrasekara Venkata Ramana on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 4 for adoption.

None of the Directors, except Mr. Chandrasekara Venkata Ramana is concerned or interested in this resolution.

The Board recommends resolutions under Item No. 4 to be passed as ordinary resolution.

A brief resume of Mr Chandrasekara Venkata Ramana, nature of his expertise and names of Companies in which he hold 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 of Corporate Governance forming part of the Annual Report.

Registered Office
Unit No, 101B, 1st Floor,
Abhishek 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.

N K JAIN
CFO and Company Secretary

Place: Mumbai
Date : 9th July, 2011

DIRECTOR'S REPORT

To,
The Members,
PIONEER EMBROIDERIES LIMITED

Your Directors present their Nineteenth Report on the business and operations of your Company for the period ended 31st March, 2011.

FINANCIAL HIGHLIGHTS:

(Rs. in lacs)

	For the year ended 31st March, 2011 (12 months)	For the period ended 31st March, 2010 (6 months)
Turnover- Domestic	17,308.94	7,536.49
- Export	502.52	249.57
Total	17,811.46	7,786.06
Profit / (Loss) before Financial Charges, Depreciation, Exceptional Items & Tax	1,426.68	377.91
Financial Charges	1,013.37	768.42
Profit / (Loss) before Depreciation, Exceptional Items and Tax	413.31	(390.51)
Depreciation	1,166.94	599.52
Profit / (Loss) before Exceptional Items & Tax	(753.63)	(990.03)
Exceptional Items	806.83	1592.09
Provision for Deferred Tax Liability / (Asset)	(41.80)	(159.90)
Profit / (Loss) after Tax	95.01	761.96
Income Tax for earlier years	--	176.30
Net Profit / (Loss)	95.01	585.66
Balance of net profit brought forward from previous year	(455.07)	(1,040.73)
Disposable Profits / (Loss)	(360.06)	(455.07)
Balance of Profit / (Loss) carried forward	(360.06)	(455.07)
Per share data		
Basic Earnings per Share (Rs.)	0.75	4.80
Book Value per Share (Rs.)	71.86	38.93

PERIOD IN RETROSPECT

Profit before interest, depreciation, tax and exceptional items for the year stood at Rs.1,426.68 lacs (Rs.377.91 lacs). However, with high interest cost and depreciation, loss before tax and exceptional items for the Company stood at Rs.753.63 lacs (Rs.990.03 lacs) and profit after providing tax/deferred tax asset, stood at Rs.95.01 lacs (Rs.585.66 lacs).

During the year under review, the Dope Dyed Polyester Yarn (DDPY) business has achieved encouraging operational performance with a turnover of Rs.12,475 lacs (Rs.4,963 lacs) and EBIDTA of Rs.1,440 lacs (Rs.631 lacs).

Though DDPY business continued to provide higher turnover and EBIDTA vis a vis projected level under the CDR package, the Embroideries and Laces business suffered due to overall margin pressure as prevalent in Indian Textile Industry coupled with the high raw materials prices & stiff competition from unorganized sector and severe power shortage in Tamilnadu.

Your Company continued to enhance the thrust on its R&D capabilities in the DDPY segment and is in the process to expand the installed capacity of DDPY division. The move is with aim to meet increasing market demand and also to achieve strong earning growth supported by volume growth and focusing more on high margin product mix.

Leveraging on the projected growth forecasts, high sales volumes of DDPY and operational flexibility, your Company expects improved operating performance during the next financial year.

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

CORPORATE DEBT RESTRUCTURING

As reported earlier, the interest provided on carved out portion of Term Loans into 9% Optionally Convertible Cumulative Redeemable Preference Share (OCCRPS) from cut-off date has been reversed subsequent to the CDR-EG decision during the year under consideration upon allotment of said OCCRPS to secured lenders.

For balance outstanding FCCBs of USD 11 million, an agreement was entered into with the Bondholders, whereby a sum of USD 2.4 million was to be paid for buy back of FCCBs. The Company is actively pursuing with the matter with bond holders for the various modalities as envisaged under the settlement agreement and ongoing communications.

BUSINESS RESTRUCTURING

As reported last year, the Company has paid a sum of Rs.12.00 crore to ING Vysya Bank Ltd., as OTS arrived at under the consent terms filed before DRT out of proceeds of sale of Land and Building at Bangalore and accordingly the effect of the said settlement has been given in the year under consideration.

EXPANSION IN DOPE DYED POLYESTER YARN DIVISION

During the year under review, the Company has undertaken expansion of its Dope Dyed Polyester Yarn (DDPY) capacity from 7200 TPA to 10500 TPA at Kala Amb, (HP) after having an approval from CDR-EG with envisaged investment of about Rs.15 crore. The expansion is funded out of the unutilised FCCB proceeds as well as out of internal cash accruals from monetization of assets as per CDR package. The commercial production will be commenced during July 2011 and the effect of expansion on operations will be reflected in the current year.

INCREASE IN CAPITAL

During the year the Company has allotted 326,305 equity shares of Rs.10/- each upon conversion of FCCBs USD 0.75 million at the conversion price of Rs.101.50 per equity share including a premium of Rs.91.50.

Consequent to the approval accorded by the Members at the 18th Annual General Meeting held on 28th September, 2010, the Company has allotted 380,645 equity shares of Rs.10/- each for cash at a price of Rs.31/- per share including a premium of Rs. 21/- per share on the basis of preferential allotment.

The Company has allotted 27,553,610 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs.10/- each to secured lenders as per CDR approved package.

LISTING

The Equity Shares of the Company are listed with the BSE, NSE, Delhi and Kolkata. The Company had 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 year to all the stock exchanges, where the shares of the Company are listed.

DIVIDEND

In view of accumulated losses, the Directors have not recommended any dividend for the period ended 31st March, 2011.

SUBSIDIARY COMPANIES

The gross sales of the Hakoba Lifestyle Limited in current year stood at Rs.880 lacs as compared to Rs.552 lacs during previous period. Loss after tax and exceptional item stood at Rs.331 lacs as compared to Rs.768 lacs during previous period.

The gross sales of Mas Embroideries Private Limited in current year ended 31st March, 2011 stood at Rs.88 lacs (Rs.171 lacs). The Company has incurred a net loss of Rs.108 lacs as compared to net loss of Rs.55 lacs in previous year. Due to continuous losses and shortage of funds, the Company intends to dispose off its assets.

Pioneer Realty Ltd. had no activity during the year.

S.R Investments Limited has investment holding as a principal activity and has incurred net loss of Rs.4 lacs excluding service charges payable to the Company. S.R Investment Limited has become 100% subsidiary during June, 2011.

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 have 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".

While the retail industry continues to face recessionary pressures besides severe strain on margins and intense competition, the capital intensive nature of the business is a big challenge and lack of which further impacts ability to create product visibility and drive sales growth. In view of these very real & apparent challenges, the Company has not been successful in its efforts to revamp the retail business, and was forced to close down quite a

few stores to cut the losses. Presently, Hakoba is operating 5(23) stores with a mix of franchisee and company run stores. The Company is striving hard to look for a strategic partner who could inject the necessary capital to revive its business and capitalize on the Strong brand recall of Hakoba thus realizing its absolute commercial potential.

DEPOSITORY SYSTEM

The trading in the equity shares of your Company are under compulsory dematerialisation mode. Till date, shares representing 97.10% 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

The Company does not have any employee whose particulars are required to be furnished in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

DIRECTORS

Mr Chandrasekara Venkata Ramana was inducted on the Board as additional director w.e.f. 6th May, 2011. As per the provisions of the Companies Act, 1956 and those contained in the Article of Association of the Company, his appointment as the Director of the Company requires the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mr. Anand Kumar Jain had resigned as Director of the Company w.e.f. 11th May, 2011. The Board appreciates the services rendered by him during his tenure of office as director.

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 period under review, the Company has provided deferred tax assets of Rs.41.80 lacs, and the total outstanding deferred tax assets as on 31st March, 2011 stood at Rs.1,812.80 lacs.

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

AUDITORS

M/s M B A H & CO., Chartered Accountants are to be appointed as 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 2010-11, 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 year and of the profit of the Company for the year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the 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 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 : 9th July, 2011

RAJ KUMAR SEKHANI
Chairman

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 31.03.2011.

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)

	2010-11	2009-10
Total Foreign Exchange Used (Payment Basis)	809.89	126.07
Total Foreign Exchange Earned	781.63	380.16

For and on behalf of the Board of Directors

Place : Mumbai.
Date : 9th July, 2011

RAJ KUMAR SEKHANI
Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES

(Rs. in thousand)

Name of Subsidiaries	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	31.03.2011	85%	(28,135)	Nil	(449,826)	Nil
2 Mas Embroideries Private Limited	31.03.2011	100%	(10,833)	Nil	(9,534)	Nil
3 Pioneer Realty Limited	31.03.2011	100%	(21)	Nil	(83)	Nil
4 S.R Investments Limited	30.06.2011	51%	(4,797)	Nil	(13,743)	Nil

For and on behalf of the Board of Directors

Place : Mumbai.
Date : 9th July, 2011

RAJ KUMAR SEKHANI
Chairman

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

While the regulatory environment in the country has done well to have relevant structures, code and practices in place for ensuring better standards of corporate governance, we, at Pioneer, believe that compliance of the same should be both in letter and in spirit. Even before the framework was in place, your Company has always imbibed the spirit of good governance in its corporate philosophy and has created an enabling environment for nurturing good management practices. Apart from efficiency and competitiveness, other traits like transparency, accountability and ethical values have come to dominate our corporate culture.

The Board of Directors at Pioneer is committed to ensure that the affairs of your Company are governed in the best interests of the shareholders, and that all endeavors would be made to maintain transparency and fairness in all facets of its operations. Emphasis is on maintaining integrity of internal control systems and accountability and compliance with all statutory/ regulatory requirements. Your Company is also conscious of its responsibility as a good Corporate Citizen, and assures that its' operations would be guided by ethics and social values. Moreover, efforts are made to have such values well-defined and explicit, and have them filter down from the top brass to the lower levels of the organisation. We acknowledge the fact that quality of governance is a critical success factor for brand building, resource mobilisation, market penetration and overall business competitiveness.

In accordance with clause 49 of the Listing Agreement with the domestic stock exchanges and best practices followed internationally on Corporate Governance, the details of compliance by the Company are as under:

2. Board of Directors

The Board of the Company comprises Four Directors, out of which two are Executive Directors, and Two are Independent Non-Executive Directors. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world. The Board is headed by Executive Chairman.

The Composition of Directors on the Board of the Company is as under:

Category	No. of Directors
Executive Directors	2
Non-Executive Independent Directors	1
Non-Executive Director (Nominee of EXIM Bank)	1
Total	4

The Category of Directors on the Board of the Company is as under:

Name of the Director	Category	No. of other Directorships@	No. of Board Committee in which Director is@@	
			Member	Chairman
Mr. Raj Kumar Sekhani	Executive Chairman & Promoter	4	---	---
Mr. Harsh Vardhan Bassi	Executive Director	3	---	---
Mr. Samuel Joseph Jebaraj*	Independent Non-Executive Director	1	---	---
Mr. Anand Kumar Jain**	Independent Non-Executive Director	1	---	---
Mr. Chandrasekara Venkata Ramana***	Independent Non-Executive Director	1	---	2
Mr. Sudatta Mandal****	Independent Non-Executive Director	2	—	—

*Resigned w.e.f. 29th April, 2011

**Resigned w.e.f. 11th May, 2011

***Appointed w.e.f. 6th May, 2011

****Appointed w.e.f. 29th April, 2011

@ Does not include Directorships in Private Companies

@@ As per Clause 49 of the Listing Agreement, only Membership in Audit Committee / Shareholders Grievance Committee is taken into consideration.

None of the Directors of the Company holds membership of more than 10 Board Committees or holds Chairmanships of more than 5 Board Committees.

Attendance of Directors at Board Meetings and at the last Annual General Meeting.

The Board of the Company met Eight times during the year ended March 31, 2011 on the following dates:

14-04-2010, 29-04-2010, 17-05-2010, 11-08-2010, 27-08-2010, 13-10-2010, 03-11-2010 and 14-02-2011.