



PIONEER GROUP

PIONEER EMBROIDERIES LIMITED

...a stitch ahead of time

20th Annual Report 2012

hakoba
1992.7.18

**Dope Dyed Polyester Unit,
Kala-amb, Himachal Pradesh**





BOARD OF DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

RAJ KUMAR SEKHANI	Chairman & Managing Director
HARSH VARDHAN BASSI	Executive Director
ARVIND RATAN SINHA	Independent Professional Director
SUDATTA MANDAL	Nominee of EXIM Bank

CONTENTS

Page

Notice.....	2
Director's Report.....	5
Corporate Governance Report.....	11
Management Discussions & Analysis Report.....	19
Auditor's Report.....	22
Balance Sheet.....	26
Statement of Profit & Loss.....	27
Cash Flow Statement.....	28
Notes to Financial Statements	29
Summary of Financial Information of Subsidiaries.....	49
Auditors Report on Consolidated Accounts.....	50
Consolidated Balance Sheet.....	52
Consolidated Statement of Profit & Loss.....	53
Consolidated Cash Flow Statement.....	54
Notes to Consolidated Financial Statements	55
Attendance Slip & Proxy Form	

BANKERS

STATE BANK OF INDIA
UNION BANK OF INDIA

COMPLIANCE OFFICER

UDAY NEMLEKAR

STATUTORY AUDITORS

M B A H & 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) KARAD | : | Survey No. 150/4, Village Karad, Silvassa, Dadra & Nagar Haveli (U.T.) |
| 2) 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, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058 |
| Corporate Office | : | Unit No. 21 to 25, 2nd Floor, Orient House, 3-A, Udyog Nagar, Off S.V. Road, Goregaon (West), Mumbai - 400 062. |
| Chennai Office | : | Kumbhat Complex, 29 & 30, Ralan Bazar, 3rd Floor, Chennai - 600 003 |
| Delhi Office | : | 4986, Baratooti Sadar Bazar, 1st Floor, Delhi - 110 006 |
| NCR Office | : | Plot No. 583, Udyog Vihar, Phase 5, Gurgaon, Haryana- 122 061 |
| 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, Bangalore - 560 040 |
| Surat Office | : | Kiran Compound, Near A P Market, Udhna, 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- 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 Twentieth Annual General Meeting of the Members of Pioneer Embroideries Limited will be held on Friday, 21st December, 2012 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, 2012 and the Statement of Profit and Loss 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. Harsh Vardhan Bassi, 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. ARVIND RATAN SINHA AS DIRECTOR OF THE COMPANY

"RESOLVED THAT Mr. Arvind Ratan Sinha, who was appointed as an Additional Director with effect from October 16, 2012 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 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."

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

RE-APPOINTMENT OF MR. RAJ KUMAR SEKHANI AS MANAGING DIRECTOR OF THE COMPANY

"RESOLVED THAT as recommended by Remuneration committee 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 re-appointment of and the remuneration being paid or provided to Mr. Raj Kumar Sekhani as Managing Director of the Company for a period of three years with effect from 30th August, 2012 at a remuneration not exceeding ₹4,00,000/- per month including perquisites and on the terms and conditions 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 draft of 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 Letter between the Company and Mr. Raj Kumar Sekhani 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 as Managing Director, the remuneration set out in the aforesaid draft Letter of appointment 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 A of Part II of Schedule XIII to the said Act or such other amount 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

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

Place: Mumbai

Date : 3rd November, 2012

By Order of the Board of Directors
For Pioneer Embroideries Ltd.

HARSH VARDHAN BASI
EXECUTIVE DIRECTOR

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 ₹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 17, 2012 to December 21, 2012 (both days inclusive).
9. Members wishing to claim Dividends of the previous years, which remain unclaimed, are requested to correspond with Mr. Uday Nemlekar 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, 2005 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 & 5 of the accompanying Notice.

Item 4

Mr. Arvind Ratan Sinha was appointed as an Additional Director by the Board of Director w.e.f. October 16, 2012 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 his 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 ₹500/-.

The Board feels that presence of Mr. Arvind Ratan Sinha 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. Arvind Ratan Sinha is concerned or interested in this resolution.

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

Item 5

Mr. Rajkumar Sekhani, Promoter-Director of the Company aged 54 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 three decades, even before he promoted Pioneer. Mr Sekhani is Chairman and Managing Director of your Company. He is also on the Board of Hakoba Lifestyle Ltd.

Under his guidance, Pioneer has grown from a ₹4 cr company to a ₹200 Cr. Group. 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.

In view of this the Remuneration Committee and Board of Directors has decided to re-appoint Mr. Rajkumar Sekhani as a Chairman and Managing Director for a period of 3 years w .e. f. 30th August, 2012.

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 :

₹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.

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.

A copy of the Agreement referred to in the resolution set out under item No. 5 of the notice for appointment and payment of remuneration payable to Mr. Raj Kumar Sekhani as the Chairman and Managing Director is open for inspection by the members at the Registered Office of the Company between 10 A.M. to 12.30 P.M. on any working day.

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.

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

Place: Mumbai

Date : 3rd November, 2012

By Order of the Board of Directors
For Pioneer Embroideries Ltd.

HARSH VARDHAN BASI
EXECUTIVE DIRECTOR



DIRECTOR'S REPORT

To,
The Members,
PIONEER EMBROIDERIES LIMITED

Your Directors present their Twentieth Report on the business and operations of your Company for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS:

(₹ in lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Turnover - Domestic	17,690.87	17,311.73
- Export	3,039.21	502.52
Total	20,730.08	17,814.25
Profit / (Loss) before Other Income, Financial Charges, Depreciation, Exceptional Items & Tax	860.82	1,530.79
Other Income	2,246.61	1,085.16
Profit / (Loss) before Financial Charges, Depreciation, Exceptional Items & Tax	3,107.43	2,615.95
Financial Charges (net)	1,540.13	1,395.80
Profit / (Loss) before Depreciation, Exceptional Items and Tax	1,567.30	1,220.15
Depreciation	1,213.48	1,166.94
Profit / (Loss) before Exceptional Items & Tax	353.82	53.21
Exceptional Items (net)	764.27	--
Provision for Deferred Tax Liability / (Asset)	(38.20)	(41.80)
Net Profit / (Loss)	(372.25)	95.01
Balance of net loss brought forward from previous year	(360.06)	(455.07)
Balance of Profit / (Loss) carried forward	(732.31)	(360.06)
Per share data		
Basic Earnings per Share (₹)	(2.88)	0.75
Book Value per Share (₹)	68.98	71.86

YEAR IN RETROSPECT

Profit before Other Income, Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹ 860.82 lacs (₹1,530.79 lacs). However, with high finance costs and depreciation, the Profit before Tax and Exceptional Items for the Company stood at ₹353.82 lacs (₹53.21 lacs) and the Net Loss after providing (deferred) tax, stood at ₹372.24 lacs (profit of ₹95.01 lacs).

During the year under review, the Dope Dyed Polyester Yarn (DDPY) business has achieved encouraging topline performance, recording a turnover of ₹15,613 lacs (₹12,475 lacs) and an EBIDTA of ₹1121 lacs (₹1,640 lacs). Although the DDPY business reported increased turnover and decent EBIDTA levels, the margins were under pressure due to high raw material costs on account of high crude prices and unfavorable US Dollar movement. Also in February 2012, a minor fire occurred at the unit, destroying the UPS, which resulted in a production loss for couple of days and additional operational cost for a much longer period on account of diesel purchases, etc. However the assets damaged in fire, were fully insured and have since been reinstated and insurance claim has also been settled.

During the year under review, the Embroideries and Laces (EL) business has achieved a turnover of ₹4,031 lacs (₹4,217 lacs) and an EBIDTA of ₹142 lacs (₹201 lacs).

The Embroideries and Laces (EL) business suffered due to overall margin pressure, on account of high operating costs on older equipment, low capacity utilization, high raw materials prices, stiff competition from unorganized sector and severe power shortage in Tamilnadu.

Your Company continued its thrust on enhancing 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 in the coming years.

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

PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



CORPORATE DEBT RESTRUCTURING

During the year under review, your Company approached its lenders to rework the earlier restructuring scheme, considering the unfavorable macro environment for the overall Textile business in India. The reworked scheme proposed by your Company, after considering the outcome of various studies done at the behest of the lenders, is under negotiation.

For outstanding FCCBs of USD 11 million, an agreement was entered into with the Bondholders earlier, and your Company is still awaiting a formal settlement on the matter with bond holders for the various modalities as envisaged under the settlement agreement and ongoing communications.

EXPANSION IN DOPE DYED POLYESTER YARN DIVISION

The expansion in DDPY capacity from 7,200 TPA to 10,500 TPA was successfully completed during the year under review, and the enhanced capacity became effective from the month of July 2011. The total cost of expansion was about ₹14 crs and the same was funded through unutilized FCCB funds and internal accruals, while no fresh borrowings were taken for the same. The full benefits of the expansion would be visible in the current year.

Your Company is also pursuing addition of value-added equipment at the DDPY unit, which would also enhance the range of its niche product offerings. Your Company is in the process of installing Texturising, continuous heat-setting machines, Cabling and Bulking machines to produce Micro Denier High Bulk Yarns. These yarns are specially made for consumption in Bath Mats and High End Carpets as a replacement of Nylon and Cotton Yarns. The company has been working on this project for the last 18 months and with the success of samples, has proposed installation of these machines, which also augur well as a forward integration into Specialised Micro denier FDY.

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 year ended 31st March, 2012.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs (MCA) by General Circular No.2/2011 dated 8th February, 2011, issued a direction under Section 212(8) of the Companies Act, 1956 that the provisions of Section 212 shall not apply to companies in relation to their subsidiaries, subject to fulfilling certain conditions mentioned in the said circular with immediate effect. The Board of Directors of your Company at its meeting held on 3rd November, 2012, approved the Audited Consolidated Financial Statements for the financial year 2011-12 in accordance with the Accounting Standard (AS-21) and other Accounting Standards issued by the Institute of Chartered Accountants of India as well as Clause 32 of the Listing Agreement, which include financial information of its subsidiary, and forms part of this report. The Consolidated Financial Statements of your Company for the financial year 2011-12, are prepared in compliance with applicable Accounting Standards and where applicable Listing Agreement as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the subsidiaries of your Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company. Your Company has not attached the financial statements of its subsidiaries for the financial year 2011-12. A statement of summarized financials of the subsidiary of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by Ministry of Corporate Office, forms part of this report.

SUBSIDIARY COMPANIES

The gross sales of the Hakoba Lifestyle Limited in current year stood at ₹586 lacs as compared to ₹880 lacs during previous year. Loss after tax and exceptional item stood at ₹713 lacs as compared to ₹331 lacs during previous year.

The gross sales of Mas Embroideries Private Limited in current year stood at ₹9 lacs (₹88 lacs). The Company has incurred a net profit of ₹163 lacs (basically on account of exceptional income) as compared to net loss of ₹108 lacs in previous year. Due to continuous losses and shortage of funds, the Company had disposed off its assets during the year.

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 ₹5 lacs (₹6 lacs) excluding service charges payable to the Company. S.R Investment Limited has become 100% subsidiary during June, 2011.

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

PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



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 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 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. Arvind Sinha was inducted on the Board as additional director w.e.f. 16th October, 2012. 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.

Your Directors regret the untimely demise of Mr. Chandrasekara Venkata Ramana on 27th October, 2012. Mr. Ramana was appointed as an Independent Non-Executive Director on the Board earlier in 6th May, 2011. The Board appreciates and takes on record the efficient and timely advice given by Mr. Ramana on various matters of your Company. The Board also conveys its deep condolence to Mr. Ramana's family members on behalf of the Company.

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 assets net of deferred tax liability in the accounts. In the year under review, the Company has provided deferred tax assets of ₹38.20 lacs and the total outstanding deferred tax assets as on 31st March, 2012 stood at ₹1851 lacs (₹1812.80 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.

PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



PIONEER GROUP

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 2011-12, 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 loss 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 : 3rd November, 2012.

RAJ KUMAR SEKHANI
Chairman