



PIONEER GROUP

# 24<sup>th</sup> Annual Report 2016

**PIONEER EMBROIDERIES LIMITED**

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





## BOARD OF DIRECTORS AND OTHER INFORMATION

### BOARD OF DIRECTORS

RAJ KUMAR SEKHANI (DIN:00102843)	Chairman
HARSH VARDHAN BASSI (DIN:00102941)	Managing Director
JOGINDER KUMAR BAWEJA (DIN:01660198)	Independent Director
GOPALKRISHNAN SIVARAMAN (DIN:00457873)	Independent Director
RAMESHCHANDRA POKHRIYAL (DIN:06919521)	Independent Director
JYOTI NIRANJAN LEDWANI (DIN:07139094)	Independent Director

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#### BANKERS

UNION BANK OF INDIA

#### CFO

NAWAL SHARMA

#### COMPANY SECRETARY & COMPLIANCE OFFICER

BHARTI S GANDHI

#### STATUTORY AUDITORS

M B A H & CO  
Chartered Accountants

#### Works:

Embroidery & Bobbin Lace (ELD) :	
- SARIGAM	: 1637,1639, G.I.D.C. Sarigam, Dist. Valsad, Gujarat - 396 155
- NAROLI	: Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Silvassa, (U.T.) - 396 203
- COIMBATORE	: Mettupalaym Road, Chinnamaddampalayam, Billich Post, Coimbatore - 641 019
Process House	: 1638, G.I.D.C., Sarigam, Dist. Valsad, Gujarat -396 155
Dope Dyed Polyester Yarn (DDPY) :	Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh - 173 030

#### Offices:

Registered Office	: Unit No. 101B, 1 <sup>st</sup> Floor, Abishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 058
Corporate Office	: Unit No. 21 to 25, 2 <sup>nd</sup> Floor, Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (W), Mumbai - 400 062
Chennai Office	: 29 & 30, 3 <sup>rd</sup> Floor, Kumbhat Complex, Rattan Bazar, Chennai - 600 003
Delhi Office	: 4986, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Baratooti Chowk, Sadar Bazar, Delhi - 110 006
Delhi Yarn Office (DDPY)	: 807 & 808, ITL Twin Towers, Plot No. B-09, Netaji Subhash Place, Pitampura, New Delhi - 110 034
NCR Office	: Plot No. 583, Udyog Vihar, Phase 5, Gurgaon, Haryana - 122 016
Kolkata Office	: 14/2, Room No. 135, 2 <sup>nd</sup> Floor, Old China Bazar Street, Kolkata - 700 001
Bangaluru Office	: 872, OTL Main Road, Nagrathpet, 1 <sup>st</sup> Floor, Rajatha Hotel Building, Bangaluru - 560 002
Surat Office	: Kiran Compound, Near A P Market, Udhna, Surat - 394 210

Telephone No.	: 91-22- 42232323
Fax No.	: 91-22- 42232313
Website	: www.pelhakoba.com; www.silkolite.com
E-mail Address	: mumbai@pelhakoba.com
CIN	: L17291MH1991PLC063752
Listing	: BSE Limited 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 Twenty Fourth Annual General Meeting of the Shareholders of **PIONEER EMBROIDERIES LIMITED** will be held on Tuesday, the 26<sup>th</sup> July, 2016 at The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai- 400064 at 9.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raj Kumar Sekhani (DIN 00102843) who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the appointment of M/s. M B A H & CO (ICAI Regn. No.121426W), Chartered Accountants as Statutory Auditors for the financial year 2016-17 and to fix their remuneration.

### SPECIAL BUSINESS

4. To re-appoint Mr. Raj Kumar Sekhani (DIN 00102843) as a Chairman of the Company and increase his remuneration and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’) on recommendation of the Nomination & Remuneration Committee and approval of the Board, subject to approval of Central Government(if required), consent and approval of the members be and is hereby accorded to re-appoint Mr. Raj Kumar Sekhani (DIN:00102843) Chairman of the Company with effect from 29<sup>th</sup> August 2015 for a period of 5 years at remuneration of ₹4,00,000/- (Rupees Four Lacs only) up to 31<sup>st</sup> March, 2016 and ₹7,00,000/- (Rupees Seven Lacs only) with effect from 1<sup>st</sup> April, 2016 till his balance period of appointment and on such terms and conditions set out in draft Letter of appointment a copy whereof initialed by Mr. Harsh Vardhan Bassi, Managing Director of the Company for the purpose of identification, has been placed before this Meeting.”

**“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 Letter of appointment 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 V to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and / or any rules or regulations framed there under 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 office as Chairman, 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 Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

**“RESOLVED FURTHER THAT** that the Board of Directors be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to such resolution.”

5. To increase remuneration to Mr. Harsh Vardhan Bassi (DIN: 06919521), Managing Director and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in partial modification of Resolution no. 7 passed at the 22<sup>nd</sup> Annual General Meeting of the Company held on 18<sup>th</sup> July, 2014, for approving terms of appointment and remuneration of Mr. Harsh Vardhan Bassi, Managing Director of the Company and pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’), on recommendation of the Nomination & Remuneration Committee and approval of the Board, subject to approval of Central Government(if required), consent and approval of the members be and is hereby accorded for revision in remuneration of Mr. Harsh Vardhan Bassi, Managing Director of the Company, not exceeding ₹5,00,000/- per month and perquisites not exceeding ₹60,000 pm with effect from 1<sup>st</sup> April, 2016 on the terms and conditions as set out in draft revised Letter of appointment a copy whereof initialed by Mr. Raj Kumar Sekhani, Chairman of the Company, for the purpose of identification has been placed before this Meeting.”

**“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 Letter of appointment 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. Harsh Vardhan Bassi shall be within the limits set out in the said Act including the said Schedule V 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. Harsh Vardhan Bassi 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. Harsh Vardhan Bassi's office as Managing Director, the remuneration set out in the aforesaid draft Letter of appointment be paid or granted to Mr. Harsh Vardhan Bassi as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

**“RESOLVED FURTHER THAT** that the Board of Directors be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to such resolution.”

6. To approve the appointment and payment of remuneration of the Cost Auditors for the financial year ending March 31, 2017 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members be and is hereby accorded for appointment of M/s. Vipul Bhardwaj & Co., Cost Accountants, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company be paid a remuneration, for the Financial Year ending March 31, 2017, amounting to ₹50,000 plus service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit.”

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

Place : Mumbai  
Date : May 12, 2016

**Harsh Vardhan Bassi**  
Managing Director  
DIN: 00102941

**NOTES:**

1. 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.
2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 wherever applicable is attached and forms part of this Notice.
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. The Register of Members and Share Transfer Register of the Company will remain closed from 22<sup>nd</sup> July, 2016 to 26<sup>th</sup> July, 2016 (both days inclusive).
8. 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.
9. Since financial year ending on March 31, 2008, the Company has not declared any Dividend and there is/are no unclaimed Dividend outstanding with the Company as on date.
10. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
11. 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
12. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No.17/2011 dated 21<sup>st</sup> April, 2011 and Circular No.18/2011 dated 29<sup>th</sup> April, 2011 has allowed companies to send Annual Report comprising of Balance sheet, Statement of 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.

13. The members are requested to:

- Intimate changes, if any, in their Registered address to the Registrar and Transfer Agents of the Company M/s. Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai- 400078.
- Quote Ledger Folio / Client Id / DP ID numbers in all their correspondence.

14. The instructions for shareholders voting electronically are as under:

- The voting period begins on **23<sup>rd</sup> July, 2016 (9.00 a.m. IST) and ends on 25<sup>th</sup> July, 2016 (5.00 p.m. IST)** During this period shareholders of the Company, holding shares whether in physical form or in dematerialized form, as on the cut-off date 19<sup>th</sup> July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 25<sup>th</sup> July, 2016 at 5.00p.m.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.



- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [tohelpdesk.evoting@cdslindia.com](mailto:tohelpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) Mr. Sanjay R. Dholakia, Practising Company Secretary (Membership No. F2655) has been appointed as Scrutinizer to scrutinize the voting and e-Voting process in a fair and transparent manner.
- (xxi) The Chairman shall, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the e-Voting facility.
- (xxii) The Scrutinizer shall after conclusion of voting at the Annual General Meeting, will count the votes cast at the meeting in the presence of at least two witnesses not in employment of the Company and shall make a consolidated scrutinizer’s report, not later than three days of the conclusion of the AGM, of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him, who shall countersign the same and declare the result of the voting forthwith.
- (xxiii) The Results of the voting with the report of the Scrutinizer shall be placed on the website of the Company [www.pelhakoba.com](http://www.pelhakoba.com) immediately after declaration of the results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited and NSE.



**EXPLANATORY STATEMENT**  
(Pursuant to Section 102 of the Companies Act, 2013)

That following explanatory statement sets out the material facts referring to Item No. 4 to 6 of the Notice.

**ITEM NO. 4 AND 5**

As the Members are aware that Mr. Raj Kumar Sekhani is a Promoter of the Company and is mainly responsible for steering out the Company from the Financial crisis it faced and went under CDR with Banks. Also through his leadership and vision the Company has improved its performance and the Company has achieved the results in quick span and continues to grow further. Mr. Harsh Vardhan Bassi is at present Managing Director and also instrumental in Company's ability to negotiate and take the Company to new heights. With his ability and skills, he successfully motivated the employees and has become bridge with Bankers and other Government agencies. Due to their constant efforts the Nomination and Remuneration committee and Board of Directors have decided to re-appoint Mr. Raj Kumar Sekhani as a Chairman with effect from 29<sup>th</sup> August, 2015 for a period of 5 years at remuneration of ₹4,00,000/- (Rupees Four Lacs only) up to 31<sup>st</sup> March, 2016 and ₹7,00,000/- (Rupees Seven Lacs only) with effect from 1<sup>st</sup> April, 2016 till his balance period of appointment and increase in remuneration of Mr. Harsh Vardhan Bassi, Managing Director from ₹2,42,000/- per month to ₹5,00,000/- per month with effect from 1<sup>st</sup> April, 2016. The details of remuneration and perquisites payable to them are as under:

Nature	Raj Kumar Sekhani Chairman	Harsh Vardhan Bassi Managing Director	Remarks if any
Salary per month	7,00,000	5,00,000	-
Perquisites	Nil	60,000	-
Leave Salary	Nil	Nil	-
Drivers' Allowance	Nil	Nil	-
HRA	Nil	Nil	-
Medical Expenses	Nil	Nil	-
PF	Nil	Nil	-
Gratuity	Nil	Nil	-

The draft appointment letter to be entered into between the Company and Mr. Raj Kumar Sekhani and Mr. Harsh Vardhan Bassi is available for inspection at the Registered office of the Company on any working day excluding Saturday, Sunday and Public Holiday upto the date of ensuing Annual General Meeting between 11.00 a.m. to 3.00 p.m.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

Save and except Mr. Raj Kumar Sekhani and Mr. Harsh Vardhan Bassi none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 4 and 5 of the Notice.

The Board commends the Special Resolutions set out at Item No. 4 and 5 of the Notice for approval by the shareholders.

**ITEM NO. 6**

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s. Vipul Bhardwaj & Co., Cost Accountants, to conduct the audit of the Cost records of the Company for the financial year ending March 31, 2017.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2017, as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors or Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

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

Place : Mumbai  
Date : May 12, 2016

**Harsh Vardhan Bassi**  
Managing Director  
DIN: 00102941





## DIRECTORS' REPORT

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED

Your Directors present the Twenty Fourth Annual Report of your Company on the business and operations for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS:

	(₹ in lacs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Turnover - Domestic	20,974.49	22,939.56
- Export	4,561.66	4,214.97
<b>Total</b>	<b>25,536.15</b>	<b>27,154.53</b>
Profit /(Loss) before Other Income, Financial Charges, Depreciation, Exceptional Items & Tax	2,151.72	2,519.69
Other Income	2,370.05	1,729.03
Profit /(Loss) before Financial Charges, Depreciation, Exceptional Items & Tax	4,521.77	4,248.72
Financial Charges (net)	941.30	1,201.13
Profit /(Loss) before Depreciation, Exceptional Items and Tax	3,580.47	3,047.59
Depreciation	1,412.09	1,730.39
Profit/(Loss) before Exceptional Items & Tax	2,168.38	1,317.20
Exceptional Items	522.23	1,105.55
Tax Expenses	--	--
<b>Net Profit/(Loss)</b>	<b>1,646.15</b>	<b>211.65</b>
Balance of net loss brought forward from previous year	(4,550.69)	(4,762.34)
<b>Balance of Profit/(Loss) carried forward</b>	<b>(2,904.54)</b>	<b>(4,550.69)</b>
<b>Per share data</b>		
Basic Earnings per Share (₹)	8.93	1.20
Book Value per Share (₹)	49.34	64.42

### YEAR IN RETROSPECT

Profit before Other Income, Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹2,152 lacs (₹2,520 lacs). The net profit for the year is ₹1,646 lacs as against a net profit of ₹212 lacs in the previous year. The Company has generated a cash profit of ₹1,211 lacs during the year under report (previous year ₹1,319 lacs).

Turnover of the Company for the year under review stood at ₹25,536 lacs as against ₹27,155 lacs in the previous year, primarily due to drop in revenues of the Dope Dyed Polyester Yarn (DDPY) business.

During the year, the DDPY business recorded a turnover of ₹19,221 lacs, a drop of 8.4% over previous year, essentially owing to a steep fall in prices of crude oil, its major input material. The operating profit for the DDPY business during the year stood at ₹2,341 lacs as against ₹2,486 lacs. The fall in operating profit was protected by a better product mix and cost control, as a result of which the operating margins for the DDPY business increased by around 30 basis points to 12.2% over previous year.

The Embroidery and Laces division showed a marginal improvement in turnover, as it rose to ₹6,196 lac from ₹5,875 lacs. However, due to increased competition and cost pressures, there was a significant erosion in the division's operating profits in FY16 to ₹393 (₹679 lac) and operating margins to 6.34% (11.5%).

There are no material changes or commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

### TRANSFER TO RESERVES

The Board does not propose to carry any amounts to reserves.

# PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time



## CHANGE IN NATURE OF BUSINESS

There is no change in nature of Business of the Company.

## INDUSTRY OVERVIEW

The overall textile industry recorded export earnings worth USD 41.67 bn in FY15, a growth of 3% over previous year, and was the second largest contributor to the country's overall exports during the year. Growth in exports of certain segments were high, such as handicrafts (17%), carpets (15%), readymade garments (12%), silk (13%) wool and woolen textiles (18%)

The textile sector's export-led growth was aided by lower cotton prices, falling interest rates, firm overseas demand from consuming countries, labor cost advantage over competitors and favorable exchange rates.

The government is continuing its efforts to grow the textile sector, as it contributes approximately 5% of the country's GDP and is the largest employer outside agriculture. Steps such as setting up new textile parks, textile development in North Eastern region, promotion of technical textiles, skilling initiatives in textiles, etc. are being taken to facilitate overall sector growth.

The domestic demand is likely to improve if good monsoons are witnessed, as higher consumer spending and disposable income coupled with lower interest rates are expected to bolster consumption. However, the textile and garment export sector may be negatively affected in the medium term depending upon the implementation of the Trans-Pacific Partnership, a duty-free trade agreement between 12 nations which include US, Canada and Japan, key countries to which India's textile and garment exports are substantial.

## YEAR IN PROSPECT

Pioneer continues its efforts to position itself as a major player and a preferred supplier for its customers in the DDPY segment. The concentration is on value addition like twisting, doubling and air texturing of yarn, to keep away from the price structure of commodity products prevalent in the industry. Product development, improved efficiency, strengthened marketing network, etc., are being seriously pursued.

The Company is in the midst of expanding its DDPY capacity in order to meet the expected demand in the coming years. The current installed capacity of 12,000 MT is set to be increased by 6,200 MT by the year FY17-18.

Operations in the Embroideries and Laces division continue to be bogged down by older, low-speed machines, high cost of operations and competitive pressures. Increased investments are required in the business, and only after that there could be a sustained growth in revenues and profitability of this division.

A detailed review of the performance during the year is given under the section - Management Discussion and Analysis Report, and forms part of the Directors' Report.

## BANK BORROWINGS

The Company's continued efforts in the previous years towards debt resolution have yielded desired results. The payment obligations under OTS arrived with State Bank of India have been completed, and with Corporation Bank are underway. The total secured borrowings as on year-end FY16 stand only at about ₹ 7,610 lac, including working capital of ₹950 lac, substantially lower than the outstanding amount 3-4 years ago.

## LISTING

The Equity Shares of the Company are listed with the BSE, NSE, and the Company has paid listing fee for the year to BSE & NSE.

The shares of the Company were earlier listed with Kolkata Stock Exchange and Delhi Stock Exchange also. However, the Company had submitted application for delisting of its shares from these Stock Exchanges in the year 2007 as approved by the shareholders in the Annual General Meeting held on 29<sup>th</sup> December, 2006.

## DIVIDEND

In view of accumulated losses, the Directors do not recommend any dividend for the year.

## SHARE CAPITAL

The paid up equity share Capital of the Company stood at ₹1,854.91 lacs comprising 1,85,49,094 equity shares of ₹10/- each as at March 31, 2016.

The Company has issued 8,50,000 Equity shares of ₹10/- each at a premium of ₹25/- to Edelweiss Asset Reconstruction Company Ltd. Trustee of EARC Trust-SC 23 as approved by shareholders through a resolution dated 12<sup>th</sup> March, 2015 passed by postal Ballot.

As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.