

Date : 1<sup>st</sup> August, 2018  
Ref. : NSE/23/2018-2019.

To,  
Mr. Hari K.  
Manager  
National Stock Exchange of India Limited  
"Exchange Plaza", Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051.

Dear Sir,

Ref. : COMPANY CODE : PIONEEREMB  
Sub. : SUBMISSION OF NOTICE AND ANNUAL REPORT OF 26<sup>TH</sup> ANNUAL GENERAL MEETING AND INTIMATION OF BOOK CLOSURE OF THE COMPANY.

Pursuant to Regulation 30 read with part A of schedule III of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we submit herewith a soft copy of the Notice and Annual Report of 26<sup>th</sup> Annual General Meeting scheduled to be held on Monday, 20<sup>th</sup> August, 2018 at 9.30 a. m. at The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai- 400064.

In order to comply with the requirements of Regulation 34 (1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Annual Report for the financial year 2017-18 will be filed with the Stock Exchange after it is adopted by the shareholders of the Company at 26<sup>th</sup> Annual General Meeting scheduled to be held on 20<sup>th</sup> August, 2018.

Further, we wish to inform you that the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 14<sup>th</sup> August, 2018 to Monday, 20<sup>th</sup> August, 2018 (both days inclusive) for the purpose of 26<sup>th</sup> Annual General Meeting.

You are requested to take the same on records.

Thanking you,

Yours faithfully,

For PIONEER EMBROIDERIES LIMITED

*Ami Thakkar*

(AMI THAKKAR)

Company Secretary & Compliance Officer

Membership No.: FCS 9196

Encl: As Above



## PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time

Corp. Off.: Unit No 21 to 25, 2nd Floor Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai - 400062

Tel.: 022-4223 2323 • Fax : 022-4223 2313 • E-mail : mumbai@pelhakoba.com • Website : www.pelhakoba.com

Regd. Off.: 101-B, Abhishek Premises, Plot No. C 5-6, Dalia Industrial Estate, Off New Link Road,

Andheri (West), Mumbai - 400 058. CIN:- L17291MH1991PLC063752

® **hakoba**

Embroidery beyond your imagination



PIONEER GROUP

**PIONEER EMBROIDERIES LIMITED**



**26<sup>th</sup>  
Annual Report  
2017 - 2018**



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





## BOARD OF DIRECTORS AND OTHER INFORMATION

### BOARD OF DIRECTORS

|                                                    |                      |
|----------------------------------------------------|----------------------|
| RAJ KUMAR SEKHANI<br>(DIN:00102843)                | Chairman             |
| HARSH VARDHAN BASSI<br>(DIN:00102941)              | Managing Director    |
| GANGADHARAN KANDAM RAMA PANICKER<br>(DIN:07735379) | Executive Director   |
| JOGINDER KUMAR BAWEJA<br>(DIN:01660198)            | Independent Director |
| GOPALKRISHNAN SIVARAMAN<br>(DIN:00457873)          | Independent Director |
| MRS. SUJATA CHAKRAVARTY<br>(DIN:07584280)          | Independent Director |

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#### BANKERS

UNION BANK OF INDIA  
KOTAK MAHINDRA BANK LTD.

#### CFO

NAWAL SHARMA

#### COMPANY SECRETARY & COMPLIANCE OFFICER

AMI THAKKAR

#### STATUTORY AUDITORS

S. K. Naredi & 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, Billichy 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, 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 : 29 & 30, 3rd Floor, Kumbhat Complex, Rattan Bazar, Chennai - 600 003
- Delhi Office : 4986, 1st & 2nd 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, 2nd Floor, Old China Bazar Street, Kolkata - 700 001
- Bangaluru Office : 872, OTL Main Road, Nagrathpet, 1st Floor, Rajatha Hotel Building, Bangaluru -560 002
- Surat Office : Kiran Compound, Near AP 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 Pvt. Ltd., C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083
- Telephone No. : 91-22- 49186000 / 49186270
- Fax No. : 91-22- 49186060



## NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Shareholders of PIONEER EMBROIDERIES LIMITED will be held on Monday, the 20<sup>th</sup> August, 2018 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 (including the Consolidated Financial Statements) of the Company for the year ended 31<sup>st</sup> March, 2018 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raj Kumar Sekhani (DIN: 0102843) who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the appointment of M/s. S K Naredi & Co. (ICAI Regn. No. 003333C), Chartered Accountants as Statutory Auditors for the financial year 2018-19 and to fix their remuneration.

### SPECIAL BUSINESS

4. To approve "Pioneer Embroideries Limited Employee Stock Option Plan 2018" and in this regard, to consider and if thought fit, to pass the following resolution as an Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, which may be accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee thereof including the Nomination and Remuneration Committee ("NRC") duly authorised by the Board), approval and consent of the Members of the Company be and are hereby accorded to the 'Pioneer Embroideries Limited Employee Stock Option Plan 2018 (hereinafter referred to as the "PEL ESOP 2018" / "Plan") and to authorize the Board to create, offer and grant from time to time upto 12,05,864 (Twelve Lakhs Five Thousand Eight Hundred and Sixty Four) Employee Stock Options ("ESOPs") being not exceeding 5% (Five percent) of the paid-up equity share capital of the Company as on the date of passing the resolution to the permanent employees (excluding promoters) and/or Directors (including whole-time directors but excluding non-executive independent directors) of the Company, whether working in India or outside India, as may be decided by the Board under the Plan (hereinafter referred to as an "employees" or "eligible employees"), convertible into equivalent number of equity shares of ₹10/- (Rupees Ten) each, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the Act and provisions of PEL ESOP 2018; through Nomination and Remuneration Committee (hereinafter referred to as "NRC") and on such terms and conditions, as may be determined by the Board under PEL ESOP 2018."

**"RESOLVED FURTHER THAT** the Board be and is hereby further authorised to issue and allot equity shares upon exercise of ESOPs from time to time in accordance with the Plan and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company."

**"RESOLVED FURTHER THAT** as is required, the Company shall confirm to the accounting policies as applicable to the Company, from time to time."

**"RESOLVED FURTHER THAT** the number of ESOPs that may be granted to any eligible employee including any Director of the Company (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), in any financial year and in aggregate under the Plan shall be less than 1% (One percent) of the issued equity share capital (excluding outstanding warrants and conversions) of the Company."

**"RESOLVED FURTHER THAT** the aforesaid ceiling of 12,05,864 (Twelve Lakhs Five Thousand Eight Hundred and Sixty Four) ESOPs convertible into equivalent number of equity shares of ₹10/- (Rupees Ten) each shall be appropriately adjusted, in case of any corporate action(s) such as rights issues, bonus issues, sub-division, split or consolidation of shares, any change in capital structure, merger and/or sale of division/undertaking or any other re-organisation / restructuring of the Company, without affecting any other rights or obligations of the option grantees."

**"RESOLVED FURTHER THAT** the Board be and is hereby empowered:

- i. to administer, implement and supervise the PEL ESOP 2018 either directly by itself or through NRC;
- ii. to formulate, approve, evolve, modify, change, vary, alter, amend, suspend or terminate the PEL ESOP 2018 and determine and bring into effect such terms and conditions and procedures for grantor vesting of Share(s)/Option(s) under PEL ESOP 2018 either directly by itself or through NRC;
- iii. to grant, issue, re-issue, recall, surrender, cancel and withdraw stock options from time to time and to determine the terms and conditions therefore;
- iv. to re-price the options as it deems fit but not below the face value of equity shares of the Company, which are not exercised, whether or not they have been vested, if the exercise price of the options is rendered unattractive due to fall in price of the share in the market and such re-pricing is not detrimental to the interest of the employees who have been granted stock options under PEL ESOP 2018



- v. to take necessary steps for listing of the equity shares allotted under the PEL ESOP 2018 as per the terms and conditions of the listing agreement with the concerned Stock Exchanges, where the equity shares of the Company are listed;
- vi. to delegate all or any of the powers herein conferred by this resolution to any Committee of Directors, Director, Officer or Authorised Representative of the Company;
- vii. to do all such acts, deeds, things and matters as may be considered necessary or expedient and settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle all questions, difficulties or doubts and to do all such acts, deeds, matters and things as may be required, to give full effect to the aforesaid Resolution(s)."

5. To approve "Pioneer Embroideries Limited Employee Stock Option Plan 2018" - Holding Company and/or Subsidiary Company(ies) and in this regard, to consider and if thought fit, to pass the following resolution as an Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, which may be accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee thereof including the Nomination and Remuneration Committee ("NRC") duly authorised by the Board), approval and consent of the Members of the Company be and are hereby accorded to the 'Pioneer Embroideries Limited Employee Stock Option Plan 2018 (hereinafter referred to as the "PEL ESOP 2018" / "Plan") and to authorize the Board to create, offer and grant from time to time upto 12,05,864 (Twelve Lakhs Five Thousand Eight Hundred and Sixty Four) Employee Stock Options ("ESOPs") being not exceeding 5% (Five percent) of the paid-up equity share capital of the Company as on the date of passing the resolution to the permanent employees (excluding promoters) and/or Directors (including whole-time directors but excluding non-executive independent directors) of the Subsidiary Company, whether working in India or outside India, and/or to the permanent employees (excluding promoters) and/or Directors (including whole-time directors but excluding non-executive independent directors) of the Holding Company, whether working in India or outside India, as may be decided by the Board under the Plan (hereinafter referred to as an "employees" or "eligible employees"), convertible into equivalent number of equity shares of ₹10/- (Rupees Ten) each, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the Act and provisions of PEL ESOP 2018; through Nomination and Remuneration Committee (hereinafter referred to as "NRC") and on such terms and conditions, as may be determined by the Board under PEL ESOP 2018."

**"RESOLVED FURTHER THAT** the Board be and is hereby further authorised to issue and allot equity shares upon exercise of ESOPs from time to time in accordance with the Plan and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company."

**"RESOLVED FURTHER THAT** as is required, the Company shall confirm to the accounting policies as applicable to the Company, from time to time."

**"RESOLVED FURTHER THAT** the number of ESOPs that may be granted to any eligible employee including any Director of the Company (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), in any financial year and in aggregate under the Plan shall be less than 1% (One percent) of the issued equity share capital (excluding outstanding warrants and conversions) of the Company."

**"RESOLVED FURTHER THAT** the aforesaid ceiling of 12,05,864 (Twelve Lakhs Five Thousand Eight Hundred and Sixty Four) ESOPs convertible into equivalent number of equity shares of ₹10/- (Rupees Ten) each shall be appropriately adjusted, in case of any corporate action(s) such as rights issues, bonus issues, sub-division, split or consolidation of shares, any change in capital structure, merger and/or sale of division/undertaking or any other re-organisation / restructuring of the Company, without affecting any other rights or obligations of the option grantees."

**"RESOLVED FURTHER THAT** the Board be and is hereby empowered:

- i. to administer, implement and supervise the PEL ESOP 2018 either directly by itself or through NRC;
- ii. to formulate, approve, evolve, modify, change, vary, alter, amend, suspend or terminate the PEL ESOP 2018 and determine and bring into effect such terms and conditions and procedures for grantor vesting of Share(s)/Option(s) under PEL ESOP 2018 either directly by itself or through NRC;
- iii. to grant, issue, re-issue, recall, surrender, cancel and withdraw stock options from time to time and to determine the terms and conditions therefore;
- iv. to re-price the options as it deems fit but not below the face value of equity shares of the Company, which are not exercised, whether or not they have been vested, if the exercise price of the options is rendered unattractive due to fall in price of the share in the market and such re-pricing is not detrimental to the interest of the employees who have been granted stock options under PEL ESOP 2018;
- v. to take necessary steps for listing of the equity shares allotted under the PEL ESOP 2018 as per the terms and conditions of the listing agreement with the concerned Stock Exchanges, where the equity shares of the Company are listed;
- vi. to delegate all or any of the powers herein conferred by this resolution to any Committee of Directors, Director, Officer or Authorised Representative of the Company;



- vii. to do all such acts, deeds, things and matters as may be considered necessary or expedient and settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."
6. To approve the re-appointment and payment of remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2019 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 re-appointment of M/s. Vipul Bhardwaj & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the Financial Year ending 31<sup>st</sup> March, 2019 at a remuneration, amounting to ₹50,000 plus GST 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 : 28<sup>th</sup> May, 2018

**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.**

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.

A person can act as a proxy on behalf of members not exceeding fifty, and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 wherever applicable is attached and forms part of this Notice.
3. Mr. Raj Kumar Sekhani (DIN:00102843) Director retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. As required under the Secretarial Standard - 2 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'], the details of the Directors seeking, re-appointment inter alia, age, experience, relationship with other directors of the Company, and other directorships, membership/chairmanship of the committees of other Boards, etc. are annexed to the Notice and form part of the Explanatory Statement. The Director has furnished the relevant consents, declarations, etc. for his re-appointment.
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. In case of joint holders, the vote of only such joint holder who is higher in the order of names, whether in person or proxy, shall be accepted to the exclusion of the votes of other joint holders.
7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members/Proxies/Authorized Representatives should bring their copy of the Annual Report and Attendance Slip sent herein for attending the Meeting. Proxy/Authorized Representatives of Members should state on the Attendance Slip as 'Proxy' or 'Authorized Representative', as the case may be. Further, those who hold shares in demat form are requested to write their Client Id and DP Id and those who hold shares in physical forms are requested to write their folio number on the attendance slip for easy identification at the meeting.
8. The Register of Members and Share Transfer Register of the Company will remain closed from Tuesday 14<sup>th</sup> August, 2018 to Monday 20<sup>th</sup> August, 2018 (both days inclusive).
9. 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.
10. Since, financial year ending on 31<sup>st</sup> March, 2008, the Company has not declared any Dividend and there is/are no unclaimed Dividend outstanding with the Company as on date.
11. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
12. 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.



13. Statutory registers and all other documents relevant to the business as stated in the Notice convening the AGM are open for inspection by the Members at the Registered Office of the Company upto and including the date of the ensuing Annual General Meeting of the Company during business hours on any working day of the Company without payment of fee and will also be available at the AGM.
14. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market and Members holding shares in electronic form are requested to submit their PAN to their Depositories Participant(s). Members holding shares in physical form shall submit their PAN details to R & TA, if not already submitted.
15. 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](mailto:mumbai@pelhakoba.com). Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

16. The members are requested to:
  - a) 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 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400083.
  - b) Quote Ledger Folio/Client Id/DP ID numbers in all their correspondence.
17. The instructions for shareholders voting electronically are as under:
  - (i) The voting period begins on **Friday 17<sup>th</sup> August, 2018 (9.00 a.m. IST) and ends on Sunday 19<sup>th</sup> August, 2018 (5.00 p.m. IST)** During this period shareholder's of the Company, holding shares whether in physical form or in dematerialized form, as on the cut-off date 13<sup>th</sup> August, 2018, may cast their vote electronically. The e-voting module shall be disabled by LINKINTIME for voting after 19<sup>th</sup> August, 2018 at 5.00 p.m.
  - (ii) Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
  - (iii) Click on "Login" tab, available under 'Shareholders' section.
  - (iv) Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
  - (v) Your User ID details are given below:
    - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
    - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
    - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No. + Folio Number registered with the Company
  - (vi) Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

| For Shareholders holding shares in Demat Form or 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).<br><ul style="list-style-type: none"> <li>Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</li> </ul>                                         |
| DOB / DOI                                                      | Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number 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 number.<br><ul style="list-style-type: none"> <li>Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (v).</li> </ul> |





(vii) If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

(viii) If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".
- In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

- For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) Cast your vote electronically

- After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of Pioneer Embroideries Limited. you choose to vote.
- On the voting page, you will see "Resolution Description" and against the same the option "Favour / Against" for voting.
- Cast your vote by selecting appropriate option i.e. Favour / Against as desired.
- Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour / Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour / Against'.
- If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- After selecting the appropriate option i.e. Favour / Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

#### General Guidelines for shareholders:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.
  - They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
  - During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
  - Shareholders holding multiple folios / demat account shall choose the voting process separately for each of the folios / demat account.
  - In case the shareholders have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000..
- (x) Mr. Sanjay R. Dholakia, Practising Company Secretary (Membership No. F 2655) has been appointed as Scrutinizer to scrutinize the voting and e-Voting process in a fair and transparent manner.
- (xi) 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.
- (xii) 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.
- (xiii) 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 National Stock Exchange of India Limited.
- (xiv) Your default PAN / Sequence Number has been printed on the address sticker on right side in bold, which is to be used for E-voting purpose as you have not updated your PAN details.

Map showing location of the venue of 26<sup>th</sup> Annual General Meeting of Pioneer Embroideries Limited

**Venue:**

The Goregaon Sports Club,  
Ground Floor, West Hall 'A' Block,  
Link Road, Malad (West),  
Mumbai- 400064.  
Time : 9.30 A.M.



Landmark : Near Toyota Showroom  
Distance from Malad Station (W) : 2.5 kms (10-15 minutes)

**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 & 5 of the Notice.

**ITEM NO. 4 & 5**

Human resource is the key for the continuous growth and development of a Company. In order to attract and retain key employees working with the Company by way of rewarding their performance and motivate them to contribute and participate in the overall corporate growth, profitability and financial success of the organizations, your Company intends to implement employee stock option plan.

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation plan. The Company intends to implement the Pioneer Embroideries Limited Employees Stock Option Plan 2018 (PEL ESOP 2018), with a view to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, (SEBI (SBEB) Regulations), the Company seeks members, approval in respect of PEL ESOP 2018 and grant of options to the eligible employees/ Directors of the Company as decided by the Nomination and Remuneration Committee from time to time in due compliance of the SEBI (SBEB) Regulations.

Members are further requested to note that the Board of Directors considers it appropriate to extend the proposed PEL ESOP 2018 to the employees / directors of the holding / subsidiary company(ies), as may be decided by the Board of Directors or Nomination and Remuneration Committee thereof, to motivate and retain the best talent.

**The main features of the PEL ESOP 2018 are as under:**

**1. Brief Description of the Plan:**

This proposed Plan namely, the Pioneer Embroideries Limited Employees Stock Option Plan 2018 (PEL ESOP 2018) is intended to reward the Eligible Employees of the Company and /or subsidiary Company(ies), for their performance and to motivate them to contribute to the growth and profitability of the Company. Your Company also intends to use this Plan to retain talent in the organization as it views options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Company in terms of the said SEBI (SBEB) Regulations contemplates to enable the implementation of PEL ESOP 2018 by dealing in/acquiring Equity Shares directly from the Company ("Primary Shares").

**2. Total number of options to be granted:**

Such number of options would be available for grant to the eligible employees of the Company and /or subsidiary Company(ies) under PEL ESOP 2018, in one or more tranches exercisable into not exceeding more than 12,05,864 (Twelve Lakhs Five Thousand Eight Hundred and Sixty-Four) Equity Shares in the Company of face value of ₹10/- each fully paid-up.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of PEL ESOP 2018, within overall ceiling.

**3. Identification of classes of employees entitled to participate in PEL ESOP 2018:**

Following classes of employees are entitled to participate in PEL ESOP 2018:

- a) Permanent employees of the Company and /or subsidiary Company(ies);
- b) Directors of the Company and /or subsidiary Company(ies), whether a whole time or not;

Following persons are not eligible:

- a) an employee who is a Promoter or belongs to the Promoter Group;
- b) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- c) an Independent Director within the meaning of the Companies Act, 2013.

**4. Requirements of vesting and period of vesting:**

The options granted shall vest so long as an employee continues to be in the employment of the Company and /or subsidiary Company(ies). The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.



The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee. Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting. Vesting/lock-in period and the vesting may occur in tranches or otherwise.

**5. Maximum period within which the options shall be vested:**

Options granted under PEL ESOP 2018 would vest in accordance with the terms of each grant, in accordance with the Plan.

**6. Exercise price or pricing formula:**

As determined by the Nomination & Remuneration Committee in accordance with the PEL ESOP 2018. In any event, the Exercise Price shall not be less than face value of equity share of the Company.

**7. Exercise period and the process of Exercise:**

The options granted may be exercised by the Grantee at any time within the period determined by the Nomination and Remuneration Committee from time to time. Vesting happens for the respective options.

The Vested options shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The options shall lapse if not exercised within the specified exercise period.

**8. Appraisal process for determining the eligibility of employees under PEL ESOP 2018:**

The appraisal process for determining the eligibility of the employees will be decided by the Nomination and Remuneration Committee from time to time.

**9. Maximum number of options to be issued per employee and in aggregate:**

The number of options that may be granted to any specific employee of the Company and /or subsidiary Company(ies) under PEL ESOP 2018 and will be determined by the Nomination and Remuneration Committee on a case to case basis, in any financial year and in aggregate under the PEL ESOP 2018 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

**10. Maximum Quantum of benefits to be provided per employee under the PEL ESOP 2018:**

Same as 9 above.

**11. Route of Plan implementation:**

The Plan shall be implemented and administered directly by the Company.

**12. Whether the Plan involves new issue of shares by the Company or secondary acquisition by the trust or both:**

The Plan contemplates new Issue of Shares by the Company.

**13. The amount of loan provided for implementation of the Plan by the Company to the Trust, its tenure, utilisation, repayment terms, etc.:**

The Company has not provided any loan for implementing PEL ESOP 2018 and the Company is directly implementing the Plan through primary issue of equity shares.

**14. Maximum percentage of Secondary Acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purchase under the scheme:**

This is not relevant under the present scheme.

**15. Accounting and Disclosure Policies:**

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**16. Method of Valuation:**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earnings per Share (EPS) of the company shall also be disclosed in the Board's Report.

A draft copy of the PEL ESOP 2018 is available for inspection at the Company's Corporate Office on all working days (excluding Saturday, Sunday and Holidays) till the date of the Annual General Meeting.



The Directors and Key Managerial Personnel of the Company may be deemed to be concerned or interested in these Act and Resolutions only to the extent of any Stock Options that may be granted to them and the resultant equity shares issued, as applicable.

In terms of provisions of section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI (SBEB) Regulations approvals of the Members are being sought by way of Special Resolutions set out at Item. 4 & 5 to this Notice.

The Board of Directors recommends Special Resolution set out at Item No. 4 & 5 of the Notice for approval by the Members.

**ITEM NO. 6**

The Board of Directors of the Company on the recommendation of the Audit Committee approved the re-appointment of M/s. Vipul Bhardwaj & Co., Cost Accountants, to conduct the audit of the Cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2019.

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 on 31<sup>st</sup> March, 2019, 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 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**

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

Place : Mumbai  
Date : 28<sup>th</sup> May, 2018

**Annexure to Item No. 2 of the Notice:**

(Details as required to be furnished under the Secretarial Standard - 2 and Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

|                                                                                      |                                                                                                           |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                                                          | <b>Raj Kumar Sekhani</b>                                                                                  |
| <b>Date of Birth</b>                                                                 | 06/06/1959                                                                                                |
| <b>Nature of Expertise</b>                                                           | Manufacturing and trading of garment accessories including embroidery fabrics, laces and knitted fabrics. |
| <b>Experience</b>                                                                    | 39 years                                                                                                  |
| <b>Relationships between directors inter se</b>                                      | Not Applicable                                                                                            |
| <b>Name of listed Companies in which holds Directorship</b>                          | NIL                                                                                                       |
| <b>Name of other Companies in Committees of which holds Membership/ Chairmanship</b> | NIL                                                                                                       |
| <b>Shareholding in Pioneer Embroideries Limited</b>                                  | 20,59,718                                                                                                 |

## DIRECTORS' REPORT

To,  
The Members,  
PIONEER EMBROIDERIES LIMITED

Your Directors present the Twenty Sixth Annual Report of your Company on the business and operations for the year ended 31<sup>st</sup> March, 2018.

### FINANCIAL HIGHLIGHTS

(₹ in lakhs)

|                                                                        | For the year ended<br>31 <sup>st</sup> March, 2018 | For the year ended<br>31 <sup>st</sup> March, 2017 |
|------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Turnover - Domestic                                                    | 21,513.69                                          | 19,817.39                                          |
| - Export including Incentive                                           | 4,742.89                                           | 3,749.29                                           |
| Other Income                                                           | 232.66                                             | 220.71                                             |
| <b>Total Revenue</b>                                                   | <b>26,489.24</b>                                   | <b>23,787.39</b>                                   |
| Profit before Financial Charges, Depreciation, Exceptional Items & Tax | 1,209.34                                           | 1,895.23                                           |
| Financial Charges                                                      | 941.84                                             | 1,063.21                                           |
| Profit before Depreciation, Exceptional Items and Tax                  | 267.50                                             | 832.02                                             |
| Depreciation                                                           | 852.80                                             | 818.90                                             |
| Profit/(Loss) before Exceptional Items & Tax                           | (585.30)                                           | 13.12                                              |
| Tax Expenses                                                           | -                                                  | -                                                  |
| <b>Net Profit/(Loss)</b>                                               | <b>(585.30)</b>                                    | <b>13.12</b>                                       |
| <b>Per share data</b>                                                  |                                                    |                                                    |
| Basic Earnings per Share (₹)                                           | (2.57)                                             | 0.07                                               |
| Book Value per Share (₹)                                               | 31.08                                              | 31.41                                              |

### INDIAN ACCOUNTING STANDARD

As mandated by the Ministry of Corporate Affairs vide its notification dated February 16, 2015, the Company has adopted the IND AS for the Financial Year commencing from April 1, 2017. Accordingly, these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2012 read with the relevant rules thereunder.

### YEAR IN RETROSPECT

Profit before Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹1,209 lakhs (₹1,895 lakhs). The net loss for the year is ₹585 lakhs as against a net profit of ₹13 lakhs in the previous year. The Company has generated an operational cash profit of ₹267 lakhs during the year under report (previous year ₹832 lakhs).

Turnover of the Company for the year under review stood at ₹26,257 lakhs as against ₹23,567 lakhs in the previous year, despite the drop in revenues of the Embroidery & Lace Division (ELD). Net of Excise Duty, Company's sales were up by 9% even in a year marked by several headwinds.

The ELD recorded a turnover of ₹4,088 lakhs, a drop of 18.5% over previous year. This business, which is largely domestic in nature, was severely impacted due to industry-wide scenario following the implementation of the Goods and Service Tax (GST) from 1<sup>st</sup> July 2017. Textile products, hitherto largely untaxed, witnessed drop in domestic consumer demand after GST was introduced, affecting the production, sales and business margins of several players across industry chain. Consequently, ELD division reported its first-ever operating loss in a decade, of ₹404 lakhs during the year, as against an operating profit of ₹399 lakhs during previous year.

The year also proved to be a challenging one for Company's Dope Dyed Polyester Yarn (DDPY) business. During the year, the DDPY business recorded a turnover of ₹21,646 lakhs (net of excise duty of ₹523 lakhs during the first quarter of FY2017-18), an increase of 17% over previous year. The stress in the business was evident, as the operating profit margins hit a four-year low of 9.4%. The operating profit for the DDPY business during the year stood at ₹2,036 lakhs as against ₹1,951 lakhs. The Company successfully managed to limit the impact of unfavourable macro factors, given its strengths of efficient operations, marketing network, product development and international operations. Export revenues for DDPY during the year grew 30% over previous year to ₹4,183 lakhs.

A detailed review of the performance during the year is given under the section - Management Discussion and Analysis Report as stipulated under Regulation 34 read with part B of Schedule V of Listing Regulations entered into with the Stock Exchanges is set out in a separate section and forms part of the Directors Report.

### TRANSFER TO RESERVES

The Board does not propose to carry any amounts to reserves owing to losses in current year.



**CHANGE IN NATURE OF BUSINESS**

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

**INDUSTRY OVERVIEW**

India is the third-largest exporter of textiles (with about 4.7% market share) and sixth largest exporter of apparels (with less than 4% market share). Others like Italy, Germany and Bangladesh, comparatively smaller than India, also enjoy similar global market share, pointing to the fact that India is yet to fully realize its potential despite enjoying benefits of abundant availability of raw material and skilled labor. While the global industry is tilted towards increased usage of manmade fibres, which are less volatile than natural fibres, India is yet to align itself towards emerging trends.

The Textile and Clothing (T&C) Sector is one of the largest contributors to India's exports. The sector recorded sales of over USD 36 bn in FY2016-17, and about USD 23 bn for the period April-November 2017. However, the share of T&C Sector in the country's overall exports has come down from about 15.1% in FY2015-16 to 14.4% in FY2016-17 and further to nearly 12.4% for the period April-November 2017.

The Textile Industry accounts for approximately 5% of India's GDP and 14% of overall Index of Industrial Production (IIP). It employs over 45 million people directly and 60 million indirectly, rendering it the second largest job creator after agriculture in the country, and making it a key sector for all major government initiatives like Make in India, Skill Development, Women Empowerment, etc. The T&C sector has tremendous potential for growth in exports and employment, particularly, women's employment.

With the introduction of GST, the domestic textile sector has been faced with newer challenges and reduced demand. The sector has witnessed a sharp increase in the rise of imports of overseas fabric and garments due to lower effective import duties, and tax-related refunds have also been delayed, leading to working capital stress. On the other hand, exports have fallen in the months pursuant to GST introduction and discontinuance of certain export incentives.

However, increased investments and conducive policy environment continue to be made by the Government to support the Textile sector in India, given its dominance in terms of employment generation and GDP contribution. The Union Budget 2018-19 raised special package by 19 per cent to ₹ 71.48 billion (previous year: ₹60 bn) for apparel sector to boost exports. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Scheme for Integrated Textiles Parks (SITP), Amended Technology Up-gradation Fund Scheme (A-TUFS), Scheme for Capacity Building in Textile Sector (SCBTS) and other employment-linked labor incentives.

**BANK BORROWINGS**

The Company's continued efforts in the previous years towards debt resolution have witnessed fruition, with all payment obligations during the year under review having been met. The total secured borrowings as on year-end FY18 stand at about ₹6,438 lakhs, including working capital of ₹1,511 lakhs. During the year, the Company managed to refinance its debt at lower interest rates.

**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 Limited & National Stock Exchange of India Limited.

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 losses, the Directors do not recommend any dividend for the year.

**SHARE CAPITAL**

The paid up equity share Capital of the Company stood at ₹2,411.73 lakhs comprising 2,41,17,285 equity shares of ₹10 each as at 31<sup>st</sup> March, 2018.

The Company has allotted 1,96,078 Equity Shares of face value ₹10 each on preferential basis to Kotak Mahindra Bank Limited. Additionally, another 23,72,113 Equity Shares of face value of ₹10 each were allotted pursuant to the conversion of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) by the Company's Secured Lenders/ Banks.

As on 31<sup>st</sup> March, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

**SUBSIDIARY COMPANIES**

The revenue of the Hakoba Lifestyle Limited in current year stood at ₹6.85 lakhs. Profit after tax and exceptional item stood at ₹2.90 lakhs as compared to ₹315.92 lakhs during previous year.

The revenue of Crystal Lace (I) Ltd in current year stood at ₹26.58 lakhs (₹26.76 lakhs). The Company has incurred a net loss of ₹22.79 lakhs as compared to net loss of ₹0.36 lakh in previous year.

Pioneer Realty Ltd. had no activity during the year.

The statement of subsidiaries in Form AOC-1 (pursuant to first proviso to sub section (3) of section 129 of the Companies Act, 2013) is provided as **Annexure - A** to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

**CONSOLIDATED ACCOUNTS**

The Consolidated Financial Statements of the Company are prepared in compliance with applicable provisions of the Companies Act, 2013, and "Ind AS" issued by the Institute of Chartered Accountants of India as well as Listing Regulations as prescribed by the Securities and Exchange Board of India (SEBI) and form a part of the Annual Report.

**CORPORATE GOVERNANCE**

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance with Auditors Certificate confirming compliance, is attached and forms an integral part of this Report. Further, a declaration affirming compliance with the code of conduct by all the Board members and senior management personnel along with certificate under Regulation 17(8) of the SEBI Listing Regulations is also given in this Annual Report.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this report as **Annexure - A** and forms an integral part of this Report.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Mr. Raj Kumar Sekhani (DIN 00102843), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Accordingly, his re-appointment forms part of the notice of the ensuing Annual General Meeting.

**KEY MANAGERIAL PERSONNEL**

The following are the Key Managerial Personnel of the Company pursuant to Section 203 of the Companies Act, 2013:

| Sr. No. | Name                     | Designation                   |
|---------|--------------------------|-------------------------------|
| 1.      | Shri Harsh Vardhan Bassi | Managing Director             |
| 2.      | Shri Nawal Sharma        | Chief Financial Officer (CFO) |
| 3.      | Mrs. Ami Thakkar         | Company Secretary             |

**BOARD PERFORMANCE/ EVALUATION**

The performance evaluation of the non-executive directors is done by the Board annually. This evaluation is based taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as the attendance and contribution of the member at the board/ committee meetings. The process also considers core competency, expertise, personnel characteristic, and specific responsibility of the concerned director.

The performance evaluation of the Chairman and the Managing Director was carried out by the Independent Directors in a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the view of the Executive Directors and Non-Executive Directors. A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement, contribution and independence of judgment. The Board of Directors expressed their satisfaction with the evaluation process.

**DECLARATION BY AN INDEPENDENT DIRECTOR(S) AND RE-APPOINTMENT, IF ANY**

All the Independent Directors have provided the declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6) and SEBI LODR Regulations.

**BOARD MEETINGS**

The details of number of meetings of the Board, held during the year forms part of the Corporate Governance Report and hence not repeated here for the sake of brevity.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY THE COMPANY**

Details of the Loans, Guarantees and Investment covered under the section 186 of the Companies Act 2013, are given in the Financial Statements.

**WHISTLE BLOWER POLICY**

The whistle blower policy adopted by the Company has been posted on its website ([www.pelhakoba.com](http://www.pelhakoba.com)).

**NOMINATION AND REMUNERATION POLICY**

The Committee has framed a policy to determine the qualification and attributes for appointment and basis of determination of remuneration of all the Directors, Key Managerial Personnel and Senior Management. A copy of the policy is annexed as **Annexure -B**.

**RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and Company has not entered into any contract/arrangement/transaction with related parties which could be considered material in nature thus provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013, is included as **Annexure - C** and forms an integral part of this Report.

All related party transactions are placed before the Audit Committee as also to the Board for approval.

The Company has developed a Related Party Transactions Policy which has been uploaded on the website of the Company and web-link thereto has been provided in the Corporate Governance report.

**DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF THE ACT**

The Company has never accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, or under Chapter V of the Act. Hence, the requirement for furnishing details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURTS**

Certain workmen had filed a complaint against the Company claiming overtime wages, and the Company had filed a Writ Petition in Bombay High Court. Company's petition was dismissed in April, 2018, and your Company has now decided to challenge the dismissal before an appropriate Court. The claim amount has been shown as Contingent liability, Note 29, which is forming part of the Balance Sheet.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There is no material change affecting the financial position of the Company which have occurred between the end of the Financial year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that 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 31<sup>st</sup> March, 2018 and of the net profit of the Company for the year ended on that date;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis;
- (v) that the Directors had laid down adequate internal financial controls to be followed by the Company and these are operating effectively;
- (vi) that adequate and proper systems to ensure compliance with all applicable laws have been devised and such systems are operating effectively in the Company.

**STATUTORY AUDIT**

M/s. S. K. Naredi & Co. Chartered Accountants (Registration No. 003333C), statutory auditors of the Company were appointed for a period of 5 years at 25<sup>th</sup> Annual General Meeting as statutory auditors till the conclusion of 30th Annual General Meeting subject to ratification at every Annual General Meeting. Accordingly, resolution seeking member's approval for ratification of the appointment of M/s. S. K. Naredi & Co., Chartered Accountants as Statutory Auditors forms part of the Notice convening the Annual General Meeting. They have submitted written confirmation to the Company, that their appointment is in conformity with the limits specified under Section 139 of the Companies Act, 2013.

There is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors i.e. M/s. S. K. Naredi & Co, Chartered Accountants in its report and therefore, there are no further explanations to be provided for in this report and is prepared as per "Ind AS".

**COST AUDIT**

The Board of Directors, on the recommendation of Audit Committee, has re-appointed M/s. Vipul Bhardwaj & Co., Cost accountants, as Cost Auditor to audit the cost accounts of the Company for the year 2018-19 at a remuneration of ₹50,000 plus service tax as applicable and reimbursement of out of pocket expenses. A resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

**SECRETARIAL AUDIT**

As required under Section 204 of the Companies Act 2013, and rules made thereunder, the Company has re-appointed M/s. Sanjay Dholakia & Associates, a firm of Company Secretaries in Practice (Membership No. 2655; C.P. No. 1798) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure - D** and forms an integral part of this Report.

There is no qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditors in its report and therefore, there are no further explanations to be provided for in this report.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has an effective internal control and risk mitigation system, commensurate with its size, scale and complexity of its operations. The scope and authority of the Internal Audit function is also defined. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the systems.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, corrective actions are undertaken in the respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting, and the reviews performed by management and the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively as at 31<sup>st</sup> March, 2018.

During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

**RISK MANAGEMENT**

There is a continuous process for identifying, evaluating and managing significant risks faced through a risk management process designed to identify the key risks facing business. Risks would include significant weakening in demand from core-end markets, inflation uncertainties and any adverse regulatory developments, etc. During the year a risk analysis and assessment was conducted and no major risks were noticed.

**SAFETY, HEALTH & ENVIRONMENT**

As hitherto, all efforts were taken 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 are being 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 business. Employees are considered to be team members being one of the most critical resources in the business which maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. The Company takes various HR initiatives to align the HR policy to the growing requirements of business.

Your Company regularly conducts technical and safety training programmes.

**DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14, the internal committee constituted under the said act has confirmed that no complaint/case has been filed/pending with the Company during the year.

**MANAGERIAL REMUNERATION**

- Details of the remuneration of each director to the median remuneration of the employees of the Company and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure - E**.
- The Company doesn't have any employee falling within the preview of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 hence, no such details to be provided.



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

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, are attached as **Annexure-F** to this report.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company seeks to build constructive relationship with all the stakeholders and wants to benefit from your Company's presence. The provisions of CSR activities under Companies Act 2013 were applicable to your Company. The Company had formed the CSR Committee and has framed a CSR policy which has been uploaded on the website of the Company. However, due to Negative financial results of the Company during the current year and stress in Company's cash flow, the Committee did not propose to spend any amount on CSR activities. A detail pursuant to Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure -G**.

**PROPOSAL OF EMPLOYEE STOCK OPTION SCHEME:**

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme/ plan. Your Company believes in rewarding its employees including Directors of the Company for their continuous hard work, dedication and support, which has led the Company on the growth path.

The Company intends to implement the 'Pioneer Embroideries Limited Employee Stock Option Plan 2018 (hereinafter referred to as the "PEL ESOP 2018"/ "Plan"), with a view to attract and retain key talents working with the Company by way of rewarding their performance.

Accordingly, it is proposed to adopt a new scheme under the SEBI SBEB Regulations, under the name and style 'PEL ESOP 2018' for the purposes of granting options to the Employees/Directors of the Company and its holding/subsidiary(ies), as applicable.

The Resolutions contained in the AGM notice to the Members' seeks their approval to authorise the Board of Directors of the Company to create, issue, offer and allot equity shares, from time to time, to Employees/Directors of the Company and its holding/subsidiary(ies) under this Scheme.

A copy of the proposed PEL ESOP 2018 will also be available for inspection at the Registered Office and Corporate Office of the Company between 10:00 a.m. to 1:00 p.m. on all working days up to the last date of the AGM. Also, main feature of ESOP are included in the explanatory Statement to the notice of AGM.

**ACKNOWLEDGEMENT**

The Management of your Company is grateful to the Government authorities, Shareholders, Valued Customers, Company's Bankers, 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 revival of your Company.

For and on behalf of the Board of Directors

**Raj Kumar Sekhani**  
Chairman  
DIN: 00102843

Place : Mumbai  
Date : 28<sup>th</sup> May, 2018



**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on Financial Year ended on 31<sup>st</sup> March, 2018

(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014)

**I. REGISTRATION & OTHER DETAILS**

- |                                                                               |                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. CIN                                                                        | L17291MH1991PLC063752                                                                                                                                                                               |
| 2. Registration Date                                                          | 25 <sup>th</sup> October, 1991.                                                                                                                                                                     |
| 3. Name of the Company                                                        | Pioneer Embroideries Limited                                                                                                                                                                        |
| 4. Category/Sub-category of the Company                                       | Public Company Limited by Shares                                                                                                                                                                    |
| 5. Address of the Registered office & contact details                         | Unit 101B, 1 <sup>st</sup> Floor, Abhishek Premises,<br>Plot No.C5-6, Dalia Industrial Estate,<br>Off. New Link Road, Andheri (W),<br>Mumbai-400 058.<br>Tel : (022)42232323<br>Fax : (022)42232313 |
| 6. Whether listed company                                                     | Yes<br>Listed at:-<br>a) BSE Limited<br>b) National Stock Exchange of India Limited                                                                                                                 |
| 7. Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited,<br>C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083.<br>Tel No.: (022) 49186000, (022) 49186270 Fax No.: (022) 49186060                         |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company are given below:

| Sr.No. | Name & Description of main products/ services | NIC Code of the product/ service | % to total turnover of the Company |
|--------|-----------------------------------------------|----------------------------------|------------------------------------|
| 1      | Dope Dyed Polyester Yarn                      | 13114                            | 84.43%                             |
| 2      | Embroidered Fabric, Laces, Braided Laces      | 13991                            | 15.57%                             |

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

| Sr. No. | Name & Address of the Company                                                                                                                                                             | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------|------------------|
|         | <b>Subsidiary Companies [Section 2(87)(ii)]</b>                                                                                                                                           |                       |                                |                  |
| 1       | <b>Hakoba Lifestyle Limited</b><br>Unit 101B, 1 <sup>st</sup> Floor, Abhishek Premises,<br>Plot No.C5-6, Dalia Industrial Estate,<br>Off. New Link Road, Andheri (W), Mumbai-400 058.     | U67190MH1993PLC072786 | Subsidiary Company             | 100%             |
| 2       | <b>Pioneer Realty Limited</b><br>Unit 101B, 1 <sup>st</sup> Floor, Abhishek Premises,<br>Plot No.C5-6, Dalia Industrial Estate,<br>Off. New Link Road, Andheri (W), Mumbai-400 058.       | U70101MH2007PLC169361 | Subsidiary Company             | 100%             |
| 3       | <b>Crystal Lace (India) Limited</b><br>Unit 101B, 1 <sup>st</sup> Floor, Abhishek Premises,<br>Plot No.C5-6, Dalia Industrial Estate,<br>Off. New Link Road, Andheri (W), Mumbai-400 058. | U17291MH1994PLC076439 | Subsidiary Company             | 44.58%           |

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)**

**i. Category-wise Share Holding:**

| Category of Shareholders                                 | No. of Shares held at the beginning of the year |            |                  |                   | No. of Shares held at the end of the year |            |                  |                   | % change during the year |
|----------------------------------------------------------|-------------------------------------------------|------------|------------------|-------------------|-------------------------------------------|------------|------------------|-------------------|--------------------------|
|                                                          | Demat                                           | Physical   | Total            | % of Total Shares | Demat                                     | Physical   | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>                                      |                                                 |            |                  |                   |                                           |            |                  |                   |                          |
| 1) Indian                                                |                                                 |            |                  |                   |                                           |            |                  |                   |                          |
| a) Individual/HUF                                        | 2,102,791                                       | --         | 2,102,791        | 9.76              | 2,082,791                                 | --         | 2,082,791        | 8.63              | (1.13)                   |
| b) Central Govt.                                         | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| c) State Govt.                                           | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| d) Bodies Corporates                                     | 4,501,726                                       | --         | 4,501,726        | 20.89             | 4,501,726                                 | --         | 4,501,726        | 18.67             | (2.22)                   |
| e) Bank/FI                                               | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| f) Any other                                             | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| <b>SUB TOTAL:(A) (1)</b>                                 | <b>6,604,517</b>                                | <b>--</b>  | <b>6,604,517</b> | <b>30.65</b>      | <b>6,584,517</b>                          | <b>--</b>  | <b>6,584,517</b> | <b>27.30</b>      | <b>(3.35)</b>            |
| 2) Foreign                                               |                                                 |            |                  |                   |                                           |            |                  |                   |                          |
| a) NRI Individuals                                       | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| b) Other Individuals                                     | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| c) Bodies Corporate                                      | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| d) Banks/FI                                              | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| e) Any other                                             | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| <b>SUB TOTAL (A) (2)</b>                                 | <b>--</b>                                       | <b>--</b>  | <b>--</b>        | <b>--</b>         | <b>--</b>                                 | <b>--</b>  | <b>--</b>        | <b>--</b>         | <b>--</b>                |
| <b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b> | <b>6,604,517</b>                                | <b>--</b>  | <b>6,604,517</b> | <b>30.65</b>      | <b>6,584,517</b>                          | <b>--</b>  | <b>6,584,517</b> | <b>27.30</b>      | <b>(3.35)</b>            |
| <b>B. PUBLIC SHAREHOLDING</b>                            |                                                 |            |                  |                   |                                           |            |                  |                   |                          |
| 1) Institutions                                          |                                                 |            |                  |                   |                                           |            |                  |                   |                          |
| a) Mutual Funds                                          | 300                                             | 600        | 900              | --                | 300                                       | 600        | 900              | --                | --                       |
| b) Banks/FI                                              | 20,897                                          | --         | 20,897           | 0.10              | 2,568,191                                 | --         | 2,568,191        | 10.65             | 10.55                    |
| c) Central Govt.                                         | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| d) State Govt.                                           | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| e) Venture Capital Fund                                  | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| f) Insurance Companies                                   | 999,594                                         | --         | 999,594          | 4.64              | 999,594                                   | --         | 999,594          | 4.15              | (0.50)                   |
| g) FIs                                                   | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| h) Foreign Venture Capital Funds                         | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| i) Others (specify)                                      | --                                              | --         | --               | --                | --                                        | --         | --               | --                | --                       |
| <b>SUB TOTAL (B)(1):</b>                                 | <b>1,020,791</b>                                | <b>600</b> | <b>1,021,391</b> | <b>4.74</b>       | <b>3,568,085</b>                          | <b>600</b> | <b>3,568,685</b> | <b>14.80</b>      | <b>10.06</b>             |



| Category of Shareholders                                                         | No. of Shares held at the beginning of the year |                |                   |                   | No. of Shares held at the end of the year |                |                   |                   | % change during the year |
|----------------------------------------------------------------------------------|-------------------------------------------------|----------------|-------------------|-------------------|-------------------------------------------|----------------|-------------------|-------------------|--------------------------|
|                                                                                  | Demat                                           | Physical       | Total             | % of Total Shares | Demat                                     | Physical       | Total             | % of Total Shares |                          |
| <b>2) Non Institutions</b>                                                       |                                                 |                |                   |                   |                                           |                |                   |                   |                          |
| a) Bodies Corporates                                                             |                                                 |                |                   |                   |                                           |                |                   |                   |                          |
| i) Indian                                                                        | 964,096                                         | 7,632          | 971,728           | 4.51              | 626,225                                   | 7,632          | 633,857           | 2.63              | (1.88)                   |
| ii) Overseas                                                                     | --                                              | --             | --                | --                | --                                        | --             | --                | --                | --                       |
| b) Individuals                                                                   |                                                 |                |                   |                   |                                           |                |                   |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹2 lakhs           | 5,319,427                                       | 269,702        | 5,589,129         | 25.94             | 5,416,364                                 | 267,030        | 5,683,394         | 23.57             | (2.37)                   |
| ii) Individuals shareholders holding nominal share capital in excess of ₹2 lakhs | 4,916,481                                       | --             | 4,916,481         | 22.82             | 5,140,537                                 | --             | 5,140,537         | 21.31             | (1.51)                   |
| c) Others (specify)                                                              |                                                 |                |                   |                   |                                           |                |                   |                   |                          |
| i) Non-Resident Indian                                                           | 423,411                                         | 83,183         | 506,594           | 2.35              | 396,894                                   | 83,123         | 480,017           | 1.99              | (0.36)                   |
| Clearing Members                                                                 | 289,422                                         | --             | 289,422           | 1.34              | 241,227                                   | --             | 241,227           | 1.00              | (0.34)                   |
| ii) Hindu Undivided Family                                                       | 799,832                                         | --             | 799,832           | 3.71              | 935,051                                   | --             | 935,051           | 3.88              | 0.17                     |
| iii) Trust                                                                       | 850,000                                         | --             | 850,000           | 3.94              | 850,000                                   | --             | 850,000           | 3.52              | (0.42)                   |
| <b>SUB TOTAL (B)(2):</b>                                                         | <b>13,562,669</b>                               | <b>360,517</b> | <b>13,923,186</b> | <b>64.61</b>      | <b>13,606,298</b>                         | <b>357,785</b> | <b>13,964,083</b> | <b>57.90</b>      | <b>(6.71)</b>            |
| <b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>                             | <b>14,583,460</b>                               | <b>361,117</b> | <b>14,944,577</b> | <b>69.35</b>      | <b>17,174,383</b>                         | <b>358,385</b> | <b>17,532,768</b> | <b>72.70</b>      | <b>1.35</b>              |
| C. Shares held by Custodian for GDRs & ADRs                                      | --                                              | --             | --                | --                | --                                        | --             | --                | --                | --                       |
| <b>Grand Total (A+B+C)</b>                                                       | <b>21,187,977</b>                               | <b>361,117</b> | <b>21,549,094</b> | <b>100.00</b>     | <b>23,758,900</b>                         | <b>358,385</b> | <b>24,117,285</b> | <b>100.00</b>     | <b>--</b>                |

**Note :** The Company has Allotted 25,68,191 equity shares on preferential basis to various banks on accounts of conversion of OCCRP and interest due to them.

**ii. Shareholding of Promoters:**

| Shareholder's Name                     | Shareholding at the beginning of the year |                                  |                                                | Shareholding at the end of the year |                                  |                                                | % change in share holding during the year |
|----------------------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------------|
|                                        | No of Shares                              | % of total Shares of the company | % of Shares pledged/encumbered to total shares | No of Shares                        | % of total Shares of the company | % of Shares pledged/encumbered to total shares |                                           |
| Raj Kumar Sekhani                      | 2,045,718                                 | 9.49                             | 65.78                                          | 2,045,718                           | 8.48                             | 65.78                                          | (1.01)                                    |
| Bimla Devi Sekhani                     | 23,073                                    | 0.11                             | --                                             | 23,073                              | 0.10                             | -                                              | (0.01)                                    |
| Ashok Kumar Sekhani                    | 20,000                                    | 0.09                             | --                                             | --                                  | -                                | -                                              | (0.09)                                    |
| Manak Chand Baid Jt. Raj Kumar Sekhani | 14,000                                    | 0.07                             | --                                             | 14,000                              | 0.05                             | -                                              | (0.02)                                    |
| Pioneer E-Com Fashions LLP             | 4,501,726                                 | 20.89                            | 99.90                                          | 4,501,726                           | 18.67                            | 99.91                                          | (2.22)                                    |
| <b>Total</b>                           | <b>6,604,517</b>                          | <b>30.65</b>                     | <b>88.47</b>                                   | <b>6,584,517</b>                    | <b>27.30</b>                     | <b>88.74</b>                                   | <b>(3.35)</b>                             |

**Note:** The decrease in % of total shares of the Company from 30.65% to 27.30% is due to selling of 20,000 equity shares during the year by Non-promoters and allotment of 25,68,191 equity shares on preferential basis to various banks on accounts of conversion of OCCRP and interest due to them.



iii. Change in Promoters' Shareholding:

| Particulars                  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                       |        |               |                                  |
|------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|---------------------------------------|--------|---------------|----------------------------------|
|                              | No. of Shares                             | % of total shares of the Company | Date                                    | Increase/ (Decrease) in share holding | Reason | No. of Shares | % of total shares of the Company |
| At the beginning of the year | 20,000                                    | 0.09                             |                                         |                                       |        |               |                                  |
| Ashok Kumar Sekhani          |                                           |                                  | 20/02/2018                              | (20000)                               | sold   | --            | --                               |
| At the end of the year       |                                           |                                  |                                         |                                       |        | --            | --                               |

iv. Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs):

| Sr. No.  | For Each of the Top 10 Shareholders               | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----------|---------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|          |                                                   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1</b> | <b>ANAND SEKHANI</b>                              |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                      | 1,500,500                                 | 6.96                             | 1,500,500                               | 6.96                             |
|          | Bought during the year                            | --                                        | --                               | --                                      | --                               |
|          | Sold during the year                              | --                                        | --                               | --                                      | --                               |
|          | At the end of the year                            | 1,500,500                                 | 6.22                             | 1,500,500                               | 6.22                             |
| <b>2</b> | <b>AMIT SEKHANI</b>                               |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                      | 1,500,000                                 | 6.96                             | 1,500,000                               | 6.96                             |
|          | Bought during the year                            | --                                        | --                               | --                                      | --                               |
|          | Sold during the year                              | --                                        | --                               | --                                      | --                               |
|          | At the end of the year                            | 1,500,000                                 | 6.22                             | 1,500,000                               | 6.22                             |
| <b>3</b> | <b>UNION BANK OF INDIA</b>                        |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                      | --                                        | --                               | --                                      | --                               |
|          | Bought during the year                            | 928,640                                   | 3.85                             | 928,640                                 | 3.85                             |
|          | Sold during the year                              | --                                        | --                               | --                                      | --                               |
|          | At the end of the year                            | 928,640                                   | 3.85                             | 928,640                                 | 3.85                             |
| <b>4</b> | <b>EXPORT-EMPOR BANK OF INDIA</b>                 |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                      | --                                        | --                               | --                                      | --                               |
|          | Bought during the year                            | 905,514                                   | 3.75                             | 905,514                                 | 3.75                             |
|          | Sold during the year                              | --                                        | --                               | --                                      | --                               |
|          | At the end of the year                            | 905,514                                   | 3.75                             | 905,514                                 | 3.75                             |
| <b>5</b> | <b>EDELWEISS ASSET RECONSTRUCTION COMPANY LTD</b> |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                      | 850,000                                   | 3.94                             | 850,000                                 | 3.94                             |
|          | Bought during the year                            | --                                        | --                               | --                                      | --                               |
|          | Sold during the year                              | --                                        | --                               | --                                      | --                               |
|          | At the end of the year                            | 850,000                                   | 3.52                             | 850,000                                 | 3.52                             |
| <b>6</b> | <b>KOTAK MAHINDRA BANK LTD</b>                    |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                      | --                                        | --                               | --                                      | --                               |
|          | Bought during the year                            | 734,037                                   | 3.04                             | 734,037                                 | 3.04                             |
|          | Sold during the year                              | --                                        | --                               | --                                      | --                               |
|          | At the end of the year                            | 734,037                                   | 3.04                             | 734,037                                 | 3.04                             |



| Sr. No.   | For Each of the Top 10 Shareholders           | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|-----------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|           |                                               | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>7</b>  | <b>GENERAL INSURANCE CORPORATION OF INDIA</b> |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                  | 500,000                                   | 2.32                             | 500,000                                 | 2.32                             |
|           | Bought during the year                        | --                                        | --                               | --                                      | --                               |
|           | Sold during the year                          | --                                        | --                               | --                                      | --                               |
|           | At the end of the year                        | 500,000                                   | 2.07                             | 500,000                                 | 2.07                             |
| <b>8</b>  | <b>UNITED INDIA INSURANCE COMPANY LIMITED</b> |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                  | 499,594                                   | 2.32                             | 499,594                                 | 2.32                             |
|           | Bought during the year                        | --                                        | --                               | --                                      | --                               |
|           | Sold during the year                          | --                                        | --                               | --                                      | --                               |
|           | At the end of the year                        | 499,594                                   | 2.07                             | 499,594                                 | 2.07                             |
| <b>9</b>  | <b>NIKHIL SEKHANI</b>                         |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                  | 440,000                                   | 2.04                             | 440,000                                 | 2.04                             |
|           | Bought during the year                        | --                                        | --                               | --                                      | --                               |
|           | Sold during the year                          | --                                        | --                               | --                                      | --                               |
|           | At the end of the year                        | 440,000                                   | 1.82                             | 440,000                                 | 1.82                             |
| <b>10</b> | <b>RAMI KAUSHAL</b>                           |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                  | 403,800                                   | 1.87                             | 403,800                                 | 1.87                             |
|           | Bought during the year                        | 15550                                     | 0.06                             | 419,350                                 | 1.93                             |
|           | Sold during the year                          | --                                        | --                               | --                                      | --                               |
|           | At the end of the year                        | 419,350                                   | 1.74                             | 419,350                                 | 1.74                             |

**Note:** The Company has Allotted 25,68,191 equity shares on preferential basis to various banks on accounts of conversion of OCCRPS and interest due to them.

**v. Shareholding of Directors and Key Managerial Personnel:**

| Sr. No.  | For Each of the Directors & Key Managerial Personnel                                                                                                                   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|          |                                                                                                                                                                        | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1</b> | <b>Raj Kumar Sekhani</b>                                                                                                                                               |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                           | 2,059,718                                 | 11.10                            | 2,059,718                               | 11.10                            |
|          | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity etc) | No Change                                 | No Change                        | No Change                               | No Change                        |
|          | At the end of the year                                                                                                                                                 | 2,059,718                                 | 8.54                             | 2,059,718                               | 8.54                             |

**Note:** The decrease in % of total shares of the Company from 11.10 % to 8.54% is due to allotment of 25,68,191 equity shares on preferential basis to various banks on accounts of conversion of OCCRPS and interest due to them.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in lakhs)

| Particulars                                              | Secured Loans<br>excluding deposits | Unsecured Loans | Deposits  | Total Indebtedness |
|----------------------------------------------------------|-------------------------------------|-----------------|-----------|--------------------|
| <b>Indebtness at the beginning of the financial year</b> |                                     |                 |           |                    |
| i) Principal Amount                                      | 6,443.38                            | 240.00          | --        | 6,683.38           |
| ii) Interest due but not paid                            | 30.07                               | --              | --        | 30.07              |
| iii) Interest accrued but not due                        | --                                  | 8.75            | --        | 8.75               |
| <b>Total (i+ii+iii)</b>                                  | <b>6,473.45</b>                     | <b>248.75</b>   | <b>--</b> | <b>6,722.20</b>    |
| <b>Change in Indebtedness during the financial year</b>  |                                     |                 |           |                    |
| Addition                                                 | 1,340.00                            | 77.95           | --        | 1,417.95           |
| Reduction                                                | (1,375.53)                          | (248.75)        | --        | (1,624.28)         |
| <b>Net Change</b>                                        | <b>(35.53)</b>                      | <b>(170.80)</b> | <b>--</b> | <b>(206.33)</b>    |
| <b>Indebtedness at the end of the financial year</b>     |                                     |                 |           |                    |
| i) Principal Amount                                      | 6,427.70                            | 77.95           | --        | 6,505.65           |
| ii) Interest due but not paid                            | 10.22                               | --              | --        | 10.22              |
| iii) Interest accrued but not due                        | --                                  | --              | --        | 8.75               |
| <b>Total (i+ii+iii)</b>                                  | <b>6,437.92</b>                     | <b>77.95</b>    | <b>--</b> | <b>6,515.87</b>    |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(₹ in lakhs)

| Sr.<br>No. | Particulars of Remuneration                                                     | Name of the MD/WTD/Manager |                          |                                          | Total<br>Amount |
|------------|---------------------------------------------------------------------------------|----------------------------|--------------------------|------------------------------------------|-----------------|
|            |                                                                                 | Chairman                   | Managing Director        | Managing Director                        |                 |
|            |                                                                                 | Shri Raj Kumar Sekhani     | Shri Harsh Vardhan Bassi | Shri Gangadharan Kandam<br>Rama Panicker |                 |
| 1          | <b>Gross salary</b>                                                             |                            |                          |                                          |                 |
|            | (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961 | 84.00                      | 60.00                    | 15.18                                    | 159.18          |
|            | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                  | 0.40                       | 4.68                     | -                                        | 5.08            |
|            | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961   | --                         | --                       | --                                       | --              |
| 2          | Stock option                                                                    | --                         | --                       | --                                       | --              |
| 3          | Sweat Equity                                                                    | --                         | --                       | --                                       | --              |
| 4          | Commission                                                                      | --                         | --                       | --                                       | --              |
|            | - as % of profit                                                                | --                         | --                       | --                                       | --              |
|            | - Others, (specify)                                                             | --                         | --                       | --                                       | --              |
| 5          | Others, please specify                                                          | --                         | --                       | --                                       | --              |
|            | <b>Total (A)</b>                                                                | <b>84.40</b>               | <b>64.68</b>             | <b>15.18</b>                             | <b>164.26</b>   |



**B. Remuneration to other Directors:**

(₹ in lakhs)

| Sr. No. | Particulars of Remuneration                    | Name of the Directors             |                                     |                                | Total Amount |
|---------|------------------------------------------------|-----------------------------------|-------------------------------------|--------------------------------|--------------|
| 1       | <b>Independent Directors</b>                   | <b>Shri Joginder Kumar Baweja</b> | <b>Shri Gopalkrishnan Sivaraman</b> | <b>Mrs. Sujata Chakravarty</b> |              |
|         | (a) Fee for attending board committee meetings | 0.80                              | 0.80                                | 0.32                           | 1.92         |
|         | (b) Commission                                 | --                                | --                                  | --                             | --           |
|         | (c ) Others, please specify                    | --                                | --                                  | --                             | --           |
|         | <b>Total (1)</b>                               | <b>0.80</b>                       | <b>0.80</b>                         | <b>0.32</b>                    | <b>1.92</b>  |
| 2       | <b>Other Non Executive Directors</b>           | --                                | --                                  | --                             | --           |
|         | (a) Fee for attending board committee meetings | --                                | --                                  | --                             | --           |
|         | (b) Commission                                 | --                                | --                                  | --                             | --           |
|         | (c ) Others, please specify.                   | --                                | --                                  | --                             | --           |
|         | <b>Total (2)</b>                               | <b>--</b>                         | <b>--</b>                           | <b>--</b>                      | <b>--</b>    |
|         | <b>Total Managerial Remuneration</b>           |                                   |                                     |                                |              |
|         | <b>Total (B)=(1+2)</b>                         | <b>0.80</b>                       | <b>0.80</b>                         | <b>0.32</b>                    | <b>1.92</b>  |

**C. Remuneration to key Managerial Personnel other than MD/Manager/WTD:**

(₹ in lakhs)

| Sr. No. | Particulars of Remuneration                                                         | Key Managerial Personnel |                     | Total        |
|---------|-------------------------------------------------------------------------------------|--------------------------|---------------------|--------------|
|         |                                                                                     | Company Secretary        | CFO                 |              |
|         |                                                                                     | (Mrs. Ami Thakkar)       | (Shri Nawal Sharma) |              |
| 1       | <b>Gross Salary</b>                                                                 |                          |                     |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 5.70                     | 26.85               | 32.55        |
|         | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                      | --                       | --                  | --           |
|         | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961       | --                       | --                  | --           |
| 2       | Stock Option                                                                        | --                       | --                  | --           |
| 3       | Sweat Equity                                                                        | --                       | --                  | --           |
| 4       | Commission                                                                          | --                       | --                  | --           |
|         | - as % of profit                                                                    | --                       | --                  | --           |
|         | - Others, (specify)                                                                 | --                       | --                  | --           |
| 5       | Others, please specify                                                              | --                       | --                  | --           |
|         | <b>Total (C)</b>                                                                    | <b>5.70</b>              | <b>26.85</b>        | <b>32.55</b> |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

|    | Type                             | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/NCLT/ COURT) | Appeal made if any (give details) |
|----|----------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|-----------------------------------|
| A. | <b>COMPANY</b>                   |                              |                   |                                                          |                            |                                   |
|    | Penalty                          |                              |                   |                                                          |                            |                                   |
|    | Punishment                       |                              |                   |                                                          |                            |                                   |
|    | Compounding                      |                              |                   |                                                          |                            |                                   |
| B. | <b>DIRECTORS</b>                 |                              |                   |                                                          |                            |                                   |
|    | Penalty                          |                              |                   |                                                          |                            |                                   |
|    | Punishment                       |                              |                   |                                                          |                            |                                   |
|    | Compounding                      |                              |                   |                                                          |                            |                                   |
| C. | <b>OTHER OFFICERS IN DEFAULT</b> |                              |                   |                                                          |                            |                                   |
|    | Penalty                          |                              |                   |                                                          |                            |                                   |
|    | Punishment                       |                              |                   |                                                          |                            |                                   |
|    | Compounding                      |                              |                   |                                                          |                            |                                   |

**NOMINATION AND REMUNERATION POLICY****Annexure - B**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (LODR) Regulations, 2011, as amended from time to time.

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

**DEFINITIONS**

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) CFO;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

**OBJECTIVES OF THE POLICY**

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, key managerial personnel and senior management involves a balance short and long-term performance objectives appropriate to the working of the Company and its goals.

**COMPOSITION OF THE COMMITTEE**

- The Committee shall consist of a minimum 3 non-executive Directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

**CHAIRPERSON**

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

**COMMITTEE MEMBERS' INTERESTS**

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**ROLE OF THE COMMITTEE**

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.



- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

**NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, KMP and Senior Management Personnel at any time including the suspension or termination of service subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

**POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL****1) Remuneration to Managing Director / Whole-time Directors:**

- The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

**2) Remuneration to Non- Executive / Independent Directors:**

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - The Services are rendered by such Director in his capacity as the professional; and
  - In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.
- The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).

**3) Remuneration to Key Managerial Personnel and Senior Management:**

- The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.



- The Company may issue Employee Stock Option / Purchase Schemes to Key Managerial Personnel and Senior Management in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

## TERM / TENURE

### a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

## REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

## RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may delegate any of its powers to one or more of its members.

**FORM NO. AOC -2**

**Annexure - C**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis:

**Not Applicable as all transactions are on Arm's Length basis.**

2. Details of contracts or arrangements or transactions at Arm's length basis:

| SL. No. | Particulars                                                                               | Details                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a)      | Name (s) of the related party & nature of relationship                                    | <p><b>I) Sales</b></p> <p>a) J.J. Sons</p> <p>b) Kiran Industries Pvt. Ltd</p> <p>c) Thakurdas &amp; Co. Pvt. Ltd.</p> <p>d) Kiran Texpro Pvt. Ltd.</p> <p>e) Crystal Lace (I) Ltd.</p> <p>f) J J Enterprises</p> <p><b>II) Purchases</b></p> <p>a) Kiran Industries Pvt. Ltd</p> <p>b) Kiran Texpro Pvt. Ltd.</p> <p>c) Crystal Lace (I) Ltd.</p> <p>d) J J Enterprises</p> <p><b>III) Rent</b></p> <p>a) Kiran Industries Pvt. Ltd</p> |
| b)      | Nature of contracts/arrangements/ transaction                                             | Invoice                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| c)      | Duration of the contracts/ arrangements/ transaction                                      | As and when required                                                                                                                                                                                                                                                                                                                                                                                                                     |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any | As per normal business norms                                                                                                                                                                                                                                                                                                                                                                                                             |
| e)      | Date of approval by the Board                                                             | 29 <sup>th</sup> May, 2018                                                                                                                                                                                                                                                                                                                                                                                                               |
| f)      | Amount paid as advances, if any                                                           | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                      |

For and on behalf of the Board of Directors

**Raj Kumar Sekhani**  
Chairman  
DIN: 00102843

Place : Mumbai  
Date : 28<sup>th</sup> May, 2018



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018**  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**PIONEER EMBROIDERIES LIMITED**  
CIN No. L17291MH1991PLC063752  
Mumbai

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PIONEER EMBROIDERIES LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);
  - (i) As per Management representation letter following are laws applicable specifically to Company:
    1. Factories Act, 1948;
    2. Industries (Development & Regulation) Act, 1951;
    3. Labour Laws and other incidental laws related to labour and employees appointed by the company either on its payroll or on contractual basis as related to wages, gratuity, bonus, provident fund, ESIC, compensation etc.;

4. Acts prescribed under prevention and control of pollution;
5. Acts prescribed under Environmental protection;
6. Acts as prescribed under Direct Tax and Indirect Tax;
7. Land Revenue laws of respective States;
8. Labour Welfare Act to respective States;
9. Trade Marks Act 1999 & Copy Right Act 1957;
10. The Legal Metrology Act, 2009;
11. Acts as prescribed under Shop and Establishment Act of various local authorities.
12. Local Laws as applicable to various offices and plants;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations 2015.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, Standards as mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company had the following events having bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- The Company has allotted 23,72,113 Equity Shares of face value of ₹10 each pursuant to the conversion of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) to Bank/Financial institution, and
- The Company has issued and allotted on Preferential basis 1,96,078 Equity Shares of face value ₹10 each to Kotak Mahindra Bank Limited.

This Report is to be read with my letter of even date which is annexed as Annexure 1 and forms an integral part of this Report:

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY DHOLAKIA)  
Practising Company Secretary  
Proprietor  
Membership No. 2655 / CP No. 1798

Date: 28<sup>th</sup> May, 2018  
Place: Mumbai



**Annexure 1(forming part of Secretarial Audit Report)**

To,  
The Members,  
**PIONEER EMBROIDERIES LIMITED**  
CIN No. L17291MH1991PLC063752  
Mumbai

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial record. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the practices and processes, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY DHOLAKIA)  
Practising Company Secretary  
Proprietor  
Membership No. 2655 /CP No. 1798

Date: 28<sup>th</sup> May, 2018  
Place: Mumbai



**STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Name of Director                      | Designation        | Ratio to median remuneration of the employees* |
|---------------------------------------|--------------------|------------------------------------------------|
| Mr. Raj Kumar Sekhani                 | Chairman           | 60:1                                           |
| Mr. Harsh Vardhan Bassi               | Managing Director  | 43:1                                           |
| Mr. Gangadharan Kandam Rama Panicker* | Executive Director | 10:1                                           |

\* Appointed as Director with effect from 29<sup>th</sup> May, 2017

- a) The Median remuneration of employees of the Company was ₹1.41 lakhs.
- b) For this purpose, Sitting fees paid to the Directors have not been considered as remuneration.
- ii. The % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

| Designation        | Name of Employee                       | % increase in remuneration |
|--------------------|----------------------------------------|----------------------------|
| Chairman           | Mr. Raj Kumar Sekhani                  | No Change                  |
| Managing Director  | Mr. Harsh Vardhan Bassi                | No Change                  |
| Executive Director | Mr. Gangadharan Kandam Rama Panicker * | Not Applicable             |
| CFO                | Mr. Nawal Sharma                       | No Change                  |
| Company Secretary  | Ms. Ami Thakkar                        | 42.86%                     |

\* Appointed as Director with effect from 29<sup>th</sup> May, 2017.

- iii. The % increase in the median remuneration of employees in the financial Year: 3.96%.
- iv. The number of permanent employees on the rolls of the Company: 1,042.
- v. The explanation on the relationship between average increase in remuneration and company performance:
- The Company's performance was not satisfactory during the year. Company has made loss of ₹585 lakhs.
- vi. Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company:
- The remuneration paid to all five KMPs during FY 2018 aggregate to approximately 0.76% of the Gross Revenue. The Gross revenue was ₹26,489 lakhs (previous year ₹23,787 lakhs).
- vii. a) Variations in the market capitalization of the Company: The market capitalization of the company as at the closing date of the current financial year and previous financial year has decreased by 32.69%.
- b) Price Earnings Ratio of the Company: N/A on 31<sup>st</sup> March, 2018 and 46.16 as at 31<sup>st</sup> March, 2017.
- c) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer:
- The closing share price of the Company at BSE Limited on 31<sup>st</sup> March, 2018 being ₹28.60 per equity share of face value of ₹10 each has grown 2.86 times since the last public offer by the Company, which was made in the year 1993.
- viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- The median percentage increase made in the salaries of employees other than the managerial personnel was 8.96% while the increase in the remuneration of managerial personnel was 8.69%.



ix. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:

| Particulars                            | Designation        | Remuneration for FY 2018 (₹ in lakhs) | % of Gross Revenue for FY 2018 | % of Profit for FY 2018 |
|----------------------------------------|--------------------|---------------------------------------|--------------------------------|-------------------------|
| Mr. Raj Kumar Sekhani                  | Chairman           | 84.40                                 | 0.32                           | N/A                     |
| Mr. Harsh Vardhan Bassi                | Managing Director  | 64.68                                 | 0.24                           | N/A                     |
| Mr. Gangadharan Kandan Rama Panicker * | Executive Director | 15.18                                 | 0.06                           | N/A                     |
| Mr. Nawal Sharma                       | CFO                | 26.85                                 | 0.10                           | N/A                     |
| Ms. Ami Thakkar                        | Company Secretary  | 5.70                                  | 0.02                           | N/A                     |

\*Appointed w.e.f.:- 29<sup>th</sup> May, 2017

x. The key parameters for any variable component of remuneration availed by the Directors:

No variable component was availed by the Directors during the year.

xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

This is not applicable to the Company.

xii. It is hereby affirmed that the remuneration is as per the Remuneration policy of the Company.

On behalf of the Board of Directors

Date : 28<sup>th</sup> May, 2018  
Place : Mumbai

**RAJ KUMAR SEKHANI**  
Chairman  
DIN:00102843



## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March, 2018 is given here below and forms part of Directors' Report.

### A) CONSERVATION OF ENERGY:

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

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

The Company has not imported any technology at any time during the last five years.

#### 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 on R & D is not accounted for separately.                                          |

### C) FOREIGN EXCHANGE EARNING AND OUTGO:

(₹ in lakhs)

|                                             | 2017-18  | 2016-17  |
|---------------------------------------------|----------|----------|
| Total Foreign Exchange Used (Payment Basis) | 427.59   | 1,845.33 |
| Total Foreign Exchange Earned               | 4,607.76 | 3,525.43 |



## Annexure - G

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

{Pursuant to clause (o) of sub-section 134 of the Act and Rule 9 of the Corporate Social Responsibility Rules, 2014}

1. A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.

Our vision is - "to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker and marginalized sections of society and raise the Country's human development index".

**Identification of projects:**

All projects are identified in consultation with the community in a participatory manner, literally sitting with them and gauging their basic needs. We take recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other stakeholders, projects are prioritized.

Arising from this our focus areas that have emerged are Education which is in line with Schedule VII of the Companies Act, 2013.

Your Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 which is accessible from our Company's website: [http://pelhakoba.com/wp-content/uploads/2016/10/Corporate\\_Social\\_Responsibility\\_policy.pdf](http://pelhakoba.com/wp-content/uploads/2016/10/Corporate_Social_Responsibility_policy.pdf).)

2. **The Composition of the CSR Committee:**

|                           |   |             |
|---------------------------|---|-------------|
| MRS. SUJATA CHAKRAVARTHY  | - | CHAIRPERSON |
| MR. RAJ KUMAR SEKHANI     | - | MEMBER      |
| MR. HARSH VARDHAN BASSI   | - | MEMBER      |
| MR. JOGINDER KUMAR BAWEJA | - | MEMBER      |

3. **Average net profit of the company for last three financial years:** ₹6.49 Crores.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹12.97 lakhs.
5. **Details of CSR spent during the financial year:**
  - (a) Total amount to be spent for the financial year: ₹12.97 lakhs.
  - (b) Amount unspent, if any: ₹12.97 lakhs.
  - (c) Manner in which the amount spent during the financial year is detailed below: Not Applicable

| Sr. No. | CSR project/ activity undertaken | Sector in which the Project is covered | Projects/ Programs (1) Local area / other (2) (Specify the State or district where the Projects or programs was undertaken) | Amount outlay (budget) Project / program-wise | Amount spent on the Project/programs Sub-heads (1) Direct expenditure on the projects or programs (2) Overheads# | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing Agency* |
|---------|----------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|
| -       | -                                | -                                      | -                                                                                                                           | -                                             | -                                                                                                                | -                                                | -                                                    |

# there is no overheads claimed by the Company.

\*Give details of implementing agency.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Negative financial results of the current year and stress in Company's cash flow does not permit to spend any amount on CSR activities.
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

The Board of Directors and its CSR Committee are whole-heartedly committed to fulfilling the Company's CSR vision of aspiring to be a trusted partner while striving to contribute to a safer and better quality of life.

Harsh Vardhan Bassi  
Managing Director  
DIN:102941

Place: Mumbai

Date: 28<sup>th</sup> May, 2018

Sujata Chakravarthi  
Chairman-CSR Committee  
DIN:7584280



## CORPORATE GOVERNANCE REPORT

### 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 form part of 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 are 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 Regulation 27 and 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 six Directors, out of which three are Executive Directors, and three 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 Chairman of the Board is an Executive Director.

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

| Category                             | No. of Directors |
|--------------------------------------|------------------|
| Executive Directors                  | 3                |
| Non- Executive Independent Directors | 3                |
| <b>Total</b>                         | <b>6</b>         |

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                  | Chairman                           | 3                           | 2                                           | --       |
| Mr. Harsh Vardhan Bassi                | Managing Director                  | 3                           | 3                                           | --       |
| Mr. Joginder Kumar Baweja              | Independent Non-Executive Director | --                          | 2                                           | 2        |
| Mr. Gopalkrishnan Sivaraman            | Independent Non-Executive Director | --                          | 2                                           | 1        |
| Mrs. Sujata Chakravarthy               | Independent Non-Executive Director | --                          | 1                                           | 1        |
| Mr. Gangadharan Kandam Rama Panicker * | Executive Director                 | --                          | --                                          | --       |

\*Appointed w.e.f.:- 29<sup>th</sup> May, 2017

@ Does not include Directorships in Private Companies.

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

The Company has familiarization program for Independent Directors of the Company with regard to their role, rights, responsibilities in the Company, nature of industry in which the Company operates, the business model of the Company. None of the Non-Executive Directors during the year held any shares or convertible instruments. None of the Directors had any inter-se relationships. The details of familiarization programmes imparted to independent is available on website of the Company at [http://pelhakoba.com/wp-content/uploads/2017/01/FamiliarizationProgrammes imparted to independent directors 2016-17.pdf](http://pelhakoba.com/wp-content/uploads/2017/01/FamiliarizationProgrammes%20imparted%20to%20independent%20directors%202016-17.pdf).

Terms of appointment of Independent Directors is available on website of the Company at <http://pelhakoba.com/wp-content/uploads/2016/04/Terms-of-appointment-of-independent-directors1.pdf>.

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

The Board of the Company met Five times during the year ended 31<sup>st</sup> March, 2018 on the following dates:

29-05-2017, 10-07-2017, 14-09-2017, 13-12-2017 and 12-02-2018.

The Board discussed the operating plans, performance of various units and various other information's from time to time.

| Name of the Director                   | Board Meetings held during the tenure of the Director | Board Meeting Attended | Attendance at the last AGM held on 29 <sup>th</sup> August, 2017 |
|----------------------------------------|-------------------------------------------------------|------------------------|------------------------------------------------------------------|
| Mr. Raj Kumar Sekhani                  | 5                                                     | 5                      | Present                                                          |
| Mr. Harsh Vardhan Bassi                | 5                                                     | 5                      | Present                                                          |
| Mr. Joginder Kumar Baweja              | 5                                                     | 5                      | Present                                                          |
| Mr. Gopalkrishnan Sivaraman            | 5                                                     | 5                      | Present                                                          |
| Mrs. Sujata Chakravarthy               | 5                                                     | 4                      | Present                                                          |
| Mr. Gangadharan Kandam Rama Panicker * | 5                                                     | 4                      | Present                                                          |

\*Appointed w.e.f.: - 29<sup>th</sup> May, 2017

## Directors seeking reappointment:

A brief resume of Director re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas, and the names of the companies in which he hold directorship and the Committees of the Board where-in they are member, are furnished hereunder:

### Mr. Raj Kumar Sekhani

Mr. Raj Kumar Sekhani, is a Commerce Graduate from Calcutta University. Being a promoter of the Company, 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. He holds Directorship of Hakoba Lifestyle Limited, Pioneer Realty Limited and Crystal Lace (India) Limited. He is also Member of Stakeholders Relationship and Corporate Social Responsibility Committee of Pioneer Embroideries Limited.

## 3. Performance Evaluation

The criteria for performance evaluation cover the areas relevant to the functioning as Promoter Directors and Independent Directors such as participation, preparation, conduct and effectiveness. The performance evaluation of Promoter Directors and Independent Directors was done by the Board as a whole by Independent Directors and Promoters Directors every year. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

## 4. Audit Committee

The following terms of reference stipulated by the Board of Directors to the Audit Committee cover all the matters specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as well as the provisions of Section 177 of the Companies Act, 2013:

1. To oversee the financial reporting process.
2. To oversee the disclosures of financial information.
3. To recommend appointment / removal of statutory auditors and fixation of their fees.
4. To review the quarterly/half yearly financial results and annual financial statements with the management, internal auditor and the statutory auditor.
5. To consider the reports of the internal auditors and to discuss their findings with the management and to suggest corrective actions wherever necessary.
6. To Review with the management, statutory auditors and the internal auditors the nature and scope of audits and the adequacy of internal control systems.
7. To Review major accounting policies and compliance with accounting standards and listing agreement entered into with the stock exchange and other legal requirements concerning financial statements.
8. To Look into the reasons for any substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors, if any.
9. To Review related party transactions of material nature, with promoters or the management and their relatives that may have potential conflict with the interests of the Company at large.

10. To investigate any matter covered under Section 177 of the Companies Act, 2013.

11. To Review the financial and risk management policies.

During the year ended 31<sup>st</sup> March, 2018, four Meetings of the Audit Committee were held on 29-05-2017, 14-09-2017, 13-12-2017 and 12-02-2018.

The Composition of Audit Committee and the details of attendance of its meetings are as under:

| Name of the Director        | Designation | Status                             | Committee Meetings held during the tenure of Director on the Committee | Committee Meetings Attended |
|-----------------------------|-------------|------------------------------------|------------------------------------------------------------------------|-----------------------------|
| Mr. Joginder Kumar Baweja   | Chairman    | Non-Executive Independent Director | 4                                                                      | 4                           |
| Mr. Harsh Vardhan Bassi     | Member      | Executive Director                 | 4                                                                      | 4                           |
| Mr. Gopalkrishnan Sivaraman | Member      | Non-Executive Independent Director | 4                                                                      | 4                           |

## 5. Nomination and Remuneration Committee

The powers, role and terms of Nomination and Remuneration committee covers the areas as contained in LODR and Section 178 of the Companies Act, 2013. The Committee comprises of three Independent Non-Executive Directors. The terms of reference of the Committee is to deal with the matters related to remuneration by way of salary, perquisites, benefits, etc. for the Executive and Whole-time Directors of the Company.

During the year ended 31<sup>st</sup> March, 2018, one meetings of the Committee was held on 29-05-2017.

The Composition of Nomination and Remuneration committee and the details of attendance of its meetings are as under:

| Name of the Director        | Designation | Status                             | Committee Meetings held during the tenure of Director on the Committee | Committee Meetings Attended |
|-----------------------------|-------------|------------------------------------|------------------------------------------------------------------------|-----------------------------|
| Mr. Joginder Kumar Baweja   | Chairman    | Non-Executive Independent Director | 1                                                                      | 1                           |
| Mr. Gopalkrishnan Sivaraman | Director    | Non-Executive Independent Director | 1                                                                      | 1                           |
| Mrs. Sujata Chakravarthy    | Director    | Non-Executive Independent Director | 1                                                                      | 1                           |

The remuneration of the employees consists of fixed pay i.e. Basic pay, Allowances, perquisites etc., which is related to Industry pattern, qualification, experience and responsibilities handled by the employees, etc. The objectives of the remuneration policy are to motivate employees and recognize their contribution, reward merit and to attract and retain talent in the organization.

The Committee is authorised, inter alia to deal with the matters related to remuneration by way of salary, perquisites, benefits etc. for the Executive Directors of the Company and set guidelines for salary, performance pay and perquisites to other senior employees.

## 6. Remuneration of Directors

(a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity:

There is no pecuniary relationship or transactions of the non-executive directors with the Company.

(b) Criteria of making payments to non-executive directors:

Only sitting fees are paid to non-executive directors.

(c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, are as below:

(Amount in ₹)

| Sr. No. | Name of the Director                   | Sitting Fees    | Salary            | Bonus     | Performance Linked Incentives | Provident Fund | Pension   | Stock option |
|---------|----------------------------------------|-----------------|-------------------|-----------|-------------------------------|----------------|-----------|--------------|
| 1.      | Mr. Raj Kumar Sekhani                  | --              | 84,39,600         | --        | --                            | --             | --        | --           |
| 2.      | Mr. Harsh Vardhan Bassi                | --              | 64,68,184         | --        | --                            | --             | --        | --           |
| 3.      | Mr. Joginder Baweja                    | 80,000          | --                | --        | --                            | --             | --        | --           |
| 4.      | Mr. Gopalkrishnan Sivaraman            | 80,000          | --                | --        | --                            | --             | --        | --           |
| 5.      | Mrs. Sujata Chakravarthy               | 32,500          | --                | --        | --                            | --             | --        | --           |
| 6.      | Mr. Gangadharan Kandam Rama Panicker * | --              | 15,17,840         | --        | --                            | --             | --        | --           |
|         | <b>Total</b>                           | <b>1,92,500</b> | <b>164,25,624</b> | <b>--</b> | <b>--</b>                     | <b>--</b>      | <b>--</b> | <b>--</b>    |

\*Appointed w.e.f.: 29<sup>th</sup> May, 2017

## 7. Stakeholders' Relationship Committee

The functions of Stakeholder's Relationship Committee include redressal of investor's complaints related to share transfers, non-receipt of Annual Reports, dividend payment, issue of duplicate share certificates, transfer and transmission of shares and other allied transactions. Its scope also includes delegating the powers to the executives of Company / Share Transfer Agents to process share transfer, etc.

During the year ended 31st March, 2018, four Meetings of the Stakeholder's Relationship Committee were held on 29-05-2017, 14-09-2017, 13-12-2017 and 12-02-2018.

The composition of Stakeholders' Relationship Committee is as under:

| Name of the Director        | Designation | Status                             |
|-----------------------------|-------------|------------------------------------|
| Mr. Gopalkrishnan Sivaraman | Chairman    | Non-Executive Independent Director |
| Mr. Raj Kumar Sekhani       | Member      | Chairman                           |
| Mr. Harsh Vardhan Bassi     | Member      | Managing Director                  |
| Mr. Joginder Kumar Baweja   | Member      | Non-Executive Independent Director |

Mrs. Ami Thakkar has been designated as Compliance Officer in terms of SEBI (LODR) Regulations, 2015.

The details of the complaints and other correspondence received and attended to during the year ended on 31<sup>st</sup> March, 2018 are given hereunder:

| Nature of Complaints                | Received | Attended to | Pending  |
|-------------------------------------|----------|-------------|----------|
| Non Receipt of Rejected DRF         | 6        | 6           | 0        |
| Non Receipt of Bonus Certificate(s) | 1        | 1           | 0        |
| <b>Total</b>                        | <b>7</b> | <b>7</b>    | <b>0</b> |

## 8. Corporate Social Responsibility Committee

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013. Your Company has developed a CSR Policy which is available on the website of the Company.

During the year under review, the Committee met on 12<sup>th</sup> February, 2018.

The composition of Stakeholders' Relationship Committees as under:

| Name of the Director      | Designation | Status                             | Committee Meetings held during the tenure of Director on the Committee | Committee Meetings Attended |
|---------------------------|-------------|------------------------------------|------------------------------------------------------------------------|-----------------------------|
| Mrs. Sujata Chakravarty   | Chairperson | Non-Executive Independent Director | 1                                                                      | 1                           |
| Mr. Raj Kumar Sekhani     | Member      | Chairman                           | 1                                                                      | 1                           |
| Mr. Harsh Vardhan Bassi   | Member      | Managing Director                  | 1                                                                      | 1                           |
| Mr. Joginder Kumar Baweja | Member      | Non-Executive Independent Director | 1                                                                      | 1                           |

### Terms of Reference

The Terms of Reference of the CSR Committee are as under:

- Formulate and recommend to the Board, a CSR Policy.
- Recommend the amount of expenditure to be incurred on CSR activities.
- Institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.
- Monitor CSR policy from time to time.

## 9. General Body Meetings

The venue and time of the Annual General Meetings held during the last three years are as follows:

| Year      | Date                          | Time     | Venue                                                                                                | No. of Special Resolutions passed |
|-----------|-------------------------------|----------|------------------------------------------------------------------------------------------------------|-----------------------------------|
| 2014-2015 | 21 <sup>st</sup> July, 2015   | 9.30 A.M | The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064. | Nil                               |
| 2015-2016 | 26 <sup>th</sup> July, 2016   | 9.30 A.M | The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064. | 02*                               |
| 2016-2017 | 29 <sup>th</sup> August, 2017 | 9.30 A.M | The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064. | 02**                              |

\*For AGM held on 26<sup>th</sup> July, 2016 the following Special Resolutions were passed:

| Sr. No. | Particulars                                                      |
|---------|------------------------------------------------------------------|
| 1       | Re-appoint and Increase in Remuneration of Mr. Raj Kumar Sekhani |
| 2       | Increase in Remuneration of Mr. Harsh Vardhan Bassi              |

\*\*For AGM held on 29<sup>th</sup> August, 2017 the following Special Resolutions were passed:

| Sr. No. | Particulars                                                                                          |
|---------|------------------------------------------------------------------------------------------------------|
| 1       | Payment of remuneration of Mr. Gangadharan Kandan Rama Panicker (DIN 07735379).                      |
| 2       | Issue of 1,96,078 Equity Shares of the Company on preferential basis to Kotak Mahindra Bank Limited. |

All the Resolutions set out in the Notices were passed by the Shareholders.

## 10. Means of Communication

The Unaudited Quarterly, Half Yearly and Annual Financial Results are sent to the Stock Exchanges where the shares of the Company are listed. The Results are normally published in 'Business Standard' & 'Mumbai Lakshdeep'. The results are displayed on the Company's Website: - [www.pelhakoba.com](http://www.pelhakoba.com).

### General Shareholder Information

#### i) AGM

|               |                                                                                                            |
|---------------|------------------------------------------------------------------------------------------------------------|
| Date and Time | : 20 <sup>th</sup> August, 2018 at 9.30 A.M.                                                               |
| Venue         | : The Goregaon Sports Club, Ground Floor,<br>West Hall 'A' Block, Link Road, Malad (West), Mumbai- 400064. |

#### ii) Financial Calendar 2018-19 (tentative) Financial year ends on March 31 every year

|                                     |                                    |
|-------------------------------------|------------------------------------|
| Quarter ending June 30, 2018        | : By Second Week of August, 2018   |
| Half year ending September 30, 2018 | : By Second Week of November, 2018 |
| Quarter ending December 31, 2018    | : By Second Week of February, 2019 |
| Year ending March 31, 2019          | : By Last Week of May, 2019        |
| Annual General Meeting (2018-19)    | : By end of September, 2019        |

#### iii) Date of Book Closure

: Tuesday 14<sup>th</sup> August, 2018 to Monday 20<sup>th</sup> August, 2018 (both days inclusive)

#### iv) Dividend Payment Date

: No Dividend has been recommended by the Board of Directors of the Company for the year.

#### v) Listing on Stock Exchanges & Stock Code

: National Stock Exchange of India Limited  
(Code: PIONEEREMB)  
Address: Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (East), Mumbai: 400051.

BSE Limited (Code: 514300)  
Address: Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai: 400001.

#### vi) Listing Fees

: Annual Listing Fees for the Financial Year 2018-2019 have been paid to the above Stock Exchanges.

#### vii) Demat ISIN No.

: INE156C01018

**viii) Stock Market Data**

The month-wise movement (High & Low) of the shares of the Company at the Bombay Stock Exchange during each month for the year ended 31<sup>st</sup> March, 2018 is as under:

| Month           | High Price<br>(₹) | Low Price<br>(₹) | Volume   |
|-----------------|-------------------|------------------|----------|
| April, 2017     | 56.80             | 47.50            | 6,74,032 |
| May, 2017       | 54.10             | 42.30            | 3,49,154 |
| June, 2017      | 46.10             | 39.30            | 2,08,662 |
| July, 2017      | 47.00             | 41.95            | 4,27,282 |
| August, 2017    | 45.00             | 35.75            | 3,31,610 |
| September, 2017 | 43.00             | 35.40            | 4,65,531 |
| October, 2017   | 42.85             | 33.00            | 5,70,028 |
| November, 2017  | 42.90             | 33.75            | 6,73,721 |
| December, 2017  | 41.50             | 36.25            | 1,60,766 |
| January, 2018   | 50.50             | 37.35            | 6,82,353 |
| February, 2018  | 42.50             | 35.20            | 1,24,141 |
| March, 2018     | 37.05             | 28.50            | 1,61,552 |

ix) **Performance in comparison to Broad-based indices such as BSE Sensex** : As against a rise of 11.30% in BSE Sensex during the year, the price of equity shares of the Company has fallen by 39.85%.

x) **Registrar & Share Transfer Agent** : Link Intime India Pvt. Limited.,  
C 101, 247 Park, L. B. S. Marg,  
Vikhroli (West), Mumbai - 400 083.  
Tel No.: (022) 49186000, (022) 49186270  
Fax No.: (022) 49186060

**xi) Share Transfer System**

The share transfers, received in physical form, are processed and the share certificates returned within a period of 15 to 20 days from the date of receipt, subject to the documents being valid and complete in all respects.

**xii) Distribution of Shareholding as on 31<sup>st</sup> March, 2018**

| Slab of No. of Shareholding (₹) | No. of Share holders | % to No. of Shareholders | Amount<br>(₹)       | % to paid-up capital |
|---------------------------------|----------------------|--------------------------|---------------------|----------------------|
| Upto 5000                       | 21,135               | 89.55                    | 1,53,70,690         | 6.37                 |
| 5001 - 10000                    | 1,141                | 4.83                     | 95,12,140           | 3.94                 |
| 10001 - 20000                   | 638                  | 2.70                     | 99,60,790           | 4.13                 |
| 20001 - 30000                   | 228                  | 0.97                     | 59,25,590           | 2.46                 |
| 30001 - 40000                   | 93                   | 0.39                     | 33,03,620           | 1.37                 |
| 40001 - 50000                   | 106                  | 0.45                     | 50,01,120           | 2.07                 |
| 50001 - 100000                  | 138                  | 0.59                     | 99,31,890           | 4.12                 |
| > 100001                        | 122                  | 0.52                     | 18,21,67,010        | 75.53                |
| <b>Total</b>                    | <b>23,601*</b>       | <b>100.00</b>            | <b>24,11,72,850</b> | <b>100.00</b>        |

**xiii) Categories of Shareholding Pattern as on 31<sup>st</sup> March, 2018**

| Category                                | No. of Share holders | % of Share holders | No. of Shares held | % of Share holding |
|-----------------------------------------|----------------------|--------------------|--------------------|--------------------|
| Promoters                               | 6                    | 0.03               | 65,84,517          | 27.30              |
| Mutual Funds & UTI                      | 2                    | 0.01               | 900                | 0.00               |
| Banks/Financial Institutions/Ins/ Govt. | 5                    | 0.02               | 35,67,785          | 14.79              |
| Foreign Institutional Investors         | --                   | --                 | --                 | -                  |
| Corporates                              | 197                  | 0.84               | 6,33,857           | 2.63               |
| Individuals                             | 22,156               | 95.01              | 1,08,23,931        | 44.88              |
| NRIs/OCBs                               | 527                  | 2.26               | 4,80,017           | 1.99               |
| Others                                  | 427                  | 1.83               | 20,26,278          | 8.40               |
| <b>Total</b>                            | <b>23,320*</b>       | <b>100.00</b>      | <b>2,41,17,285</b> | <b>100.00</b>      |

\* Due to clubbing of Folios of same person holding shares in more than one Folio, there is Difference in No. of shareholders in Distributions of Shareholding as on 31<sup>st</sup> March, 2018 and Categories of Shareholding Pattern as on 31<sup>st</sup> March, 2018.



**xiv) Dematerializations of Shares**

The Company's shares are traded compulsorily in dematerialized form. As on 31<sup>st</sup> March, 2018 the details of the shares of the Company held in physical and demat form are given below:

|                              | No. of Shares      | % to the Capital |
|------------------------------|--------------------|------------------|
| Shares held in Physical Form | 3,58,385           | 1.49             |
| Shares held in Demat Form    | 2,37,58,900        | 98.51            |
| <b>TOTAL</b>                 | <b>2,41,17,285</b> | <b>100.00</b>    |

**xv) Outstanding GDRs / Warrants and Convertible Instruments**

There are 29,86,265 Optionally Convertible Cumulative Preference Shares as at 31<sup>st</sup> March, 2018.

**xvi) Commodity price risk or Foreign exchange risk and hedging activities**

The Company is not involved in any hedging activities.

**xvii) Plant Locations**

- i) Sarigam, Gujarat
- ii) Naroli, Dadra & Nagar Haveli
- iii) Coimbatore, Tamilnadu
- iv) Kala-amb, Himachal Pradesh

**xviii) Address for Correspondence**

Shareholder correspondence should be addressed to the Company's Registrar and Transfer Agents:

Link Intime India Pvt. Ltd.,

C 101, 247 Park,

L. B. S. Marg, Vikhroli (West),

Mumbai - 400 083.

Tel No.: (022) 49186000, (022) 49186270 Fax No.: (022) 49186060

Investors may also write or contact Mrs. Ami Thakkar, Company Secretary and Compliance officer at the Corporate Office of the Company at:

Unit No 21 to 25, 2<sup>nd</sup> Floor Orient House,

3A Udyog Nagar, Off S V Road,

Goregaon (West), Mumbai - 400 062.

Tel.: (022) 42232323 Fax: (022) 42232313

**11. Disclosures**

There were no transactions of material nature with promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report. The Related Party Transactions policy as approved by the Board is uploaded on the Company's website at [www.pelhakoba.com](http://www.pelhakoba.com). Transactions with Related Parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.

There were no instances of non-compliance by the Company nor have any penalties, strictures been imposed by the Stock Exchanges or SEBI or any other Statutory Authority for the last three years on any matter related to capital markets.

**12. Discretionary Requirements under Regulation 27 of LODR**

The status of compliance with discretionary recommendations of the Regulation 27 of the LODR with Stock Exchanges is provided below:

**The Board:** Chairman's office is occupied by Executive Chairman.

**Shareholders' Rights:** As the quarterly and half yearly financial performance along with significant events are published in the news papers and are also posted on the Company's website, the same are not being sent to the shareholders.

**Modified Opinion in Auditors Report:** The Company's financial statement for the year 2017-2018 does not contain any modified audit opinion.

**Separate posts of Chairman and CEO:** The Chairman of the Board is an Executive Director and his position is separate from that of the Managing Director or CEO.

**Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee.

**13. Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

**14. Prevention of Insider Trading Code**

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Mrs. Ami Thakkar as Compliance Officer, who is responsible to set procedures and implementation of the code for trading in Company's securities. During the year under review, there has been due compliance with the said code.

**15. Code of Conduct**

The Board has laid down a code of conduct for Business and Ethics for all the Board Members and all the employees of the management grade of the Company. The code of conduct is also available on the Company's website. All the Board members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by Managing Director and CFO is attached as annexure to Corporate Governance Report as Annexure 1 and forms part of the Annual Report of the Company.

**16. CEO/CFO Certification**

The Managing Director and CFO of the Company have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) of the SEBI (LODR) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2018.

The "Management Discussion and Analysis Report" forms part of this Annual Report.

**17. Subsidiary Companies**

There is no material Indian Subsidiary Company requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary Company. The requirements of the Regulation 24 of LODR with regard to subsidiary companies have been complied with. The Policy for determining material subsidiaries is available on website of the Company at: [www.pelhakoba.com](http://www.pelhakoba.com)

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**Annexure 1 to Corporate Governance****DECLARATION REGARDING CODE OF CONDUCT**

We hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company for the year ended 31<sup>st</sup> March, 2018.

For Pioneer Embroideries Limited

For Pioneer Embroideries Limited

**Harsh Vardhan Bassi**  
Managing Director  
DIN:00102941  
Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

**Nawal Sharma**  
Chief Financial Officer

**MANAGING DIRECTORS/CHIEF FINANCIAL OFFICER CERTIFICATION**

The Board of Directors  
Pioneer Embroideries Limited  
Mumbai.

We have reviewed the financial statements and the cash flow statement of Pioneer Embroideries Limited for the year ended 31<sup>st</sup> March, 2018 and that to the best of our knowledge and belief, we state that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Pioneer Embroideries Limited

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

Place : Mumbai  
Date : 28<sup>th</sup> May, 2018

For Pioneer Embroideries Limited

**Nawal Sharma**  
Chief Financial Officer

**AUDITORS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,  
The Members of Pioneer Embroideries Limited

We have examined the compliance of conditions of corporate governance by Pioneer Embroideries Limited, ('the Company'), for the year ended on 31<sup>st</sup> March, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S K Naredi & CO  
Chartered Accountants  
(Firm's Registration Number: 003333C)

**Rahul Naredi**  
Partner  
Membership Number: 302632

Place : Mumbai  
Date : 28<sup>th</sup> May, 2018

## MANAGEMENT DISCUSSION AND ANALYSIS

### Disclaimer:

Statements made in the Management Discussion and Analysis and relating to Company's objectives, projections, outlook, expectations, estimates, etc., may constitute forward-looking statements within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions, which cannot be guaranteed by the Company. Several factors, over which the Company may not have any direct control, could make a significant difference to the Company's operations. As such, actual results may differ materially from such projections, whether expressed or implied, since it would be beyond Company's ability to successfully implement its growth strategy. The Company undertakes no obligation or responsibility to update forward-looking statements and to publicly amend, modify or revise to reflect events or circumstances, after the date thereof, on the basis of any subsequent development, information or events.

The Management of Pioneer Embroideries Ltd. (Pioneer, or the Company) presents below an analysis of its performance during the year under review, i.e. Accounting Year ended 31<sup>st</sup> March, 2018 (for the period April 1, 2017 up to March 31, 2018).

### A: BUSINESS REVIEW

#### Industry structure and developments

##### Global Textile & Apparel Industry

The global textile market is estimated to be around US \$1.15 trillion, which is nearly 1.8% of the world's GDP, with almost 70-75% of the market being concentrated in Europe, USA, China and Japan. Apparel products constitute a major share of global textile trade, and the total world export of apparel products was around US\$ 440 billion in 2016.

While China continues to have the largest share of approximately 34% in world apparel exports, it has reduced by 3-4% over the last few years. Countries like Bangladesh and Vietnam have benefitted considerably by improving their market share, and others like Cambodia and Indonesia are progressing well, while India has just about managed to retain its share. India is the third-largest exporter of textiles (with about 4.7% market share) and sixth largest exporter of apparels (with less than 4% market share). Others like Italy, Germany and Bangladesh, comparatively smaller than India, also enjoy similar global market share, pointing to the fact that India is yet to fully realize its potential despite enjoying benefits of abundant availability of raw material and skilled labor. The global industry is tilted towards increased usage of manmade fibres, which are less volatile than natural fibres, and exporting countries like India need to invest more and shift towards emerging trends.

The coming years are expected to see a reversal of the downward trend in demand and prices, especially in US and China. Various industry studies have estimated that the global apparel market will be around US \$2 trillion by 2020. While the apparel market is still largely dominated by EU & USA, countries like China, India and Russia are emerging as future destinations for apparel consumption. Resilient long-term demand in the emerging economies due to rising middle class will unfold new dynamics in the textile trade.

##### Domestic Textile Industry

The potential size of the Indian textiles and apparel industry is currently estimated to be around US \$150 billion and is expected to reach US \$220-230 billion by 2021-2025, according to various industry reports. The expected growth in the sector is being driven by increased apparel consumption, rising per capital income levels and affordability, preference towards branded products, and other factors.

The Textile and Clothing (T&C) Sector is one of the largest contributors to India's exports. The sector recorded sales of over USD 36 bn in FY2016-17, and about USD 23 bn for the period April-November 2017. However, the share of T&C Sector in the country's overall exports has come down from about 15.1% in FY2015-16 to 14.4% in FY2016-17 and further to nearly 12.4% for the period April-November 2017. On the other hand, T&C Sector witnessed imports of USD 6 bn in FY2016-17, and of about USD 4.9 bn for the period April-November 2017, with majority of the imports being done of raw materials. While India's textile products are exported to over 100 countries, EU and the US accounted for almost 47% of the total exports. For the US, India is the third largest supplier of textile and apparels after China and Vietnam, and accounts for close to 18-20% of India's overall exports of textiles and apparels.

The Textile Industry accounts for approximately 5% of India's GDP and 14% of overall Index of Industrial Production (IIP). The Indian textile industry accounts for about 24% of the world's spindle capacity and 8% of global rotor capacity. India accounts for about 14% of world's textile fibres and yarns - being the largest producer of jute, second largest producer of silk and yarn, and third largest producer of cellulosic fibre. It employs over 45 million people directly and 60 million indirectly, rendering it the second largest job creator after agriculture in the country, and making it a key sector for all major government initiatives like Make in India, Skill Development, Women Empowerment, etc. The T&C sector has tremendous potential for growth in exports and employment, particularly, women's employment.

With the introduction of GST, the domestic textile sector has been faced with newer challenges. Hitherto under-taxed and subsidized, natural fibers and yarns are now taxed at 5% GST, while the Man Made Fibre (MMF), initially taxed at 18%, now brought down to 12%. Since worldwide textile market is dominated by MMF, a high taxation rate will hamper and impede achieving the global benchmark. Post-GST, the sector has witnessed a sharp increase in the rise of imports of overseas fabric and garments due to lower effective import duties, and tax-related refunds have also been delayed, leading to working capital stress. On the other hand, exports have fallen in the months pursuant to GST introduction and discontinuance of certain export incentives.



The organized component of textile trade would nonetheless benefit with GST introduction, given the fact that there exists a large unorganized segment and textile products have large inter-state movement. As the textile sector comprises of a large number of unorganized players, which did not fall into the tax net earlier, GST compels them to move into regulated and compliant business. It is expected that going ahead, much of the hardships arising out of GST introduction would get resolved and the sector would witness increased demand with creation of a seamless market across the country.

India's share in the global textile market is also set to increase further from 5% currently, as China is expected to contribute lower in the next 5-6 years due to appreciating currency, rising labor costs, high energy costs and sharpening focus on domestic market. However, India has not been able to fully exploit the opportunity since its competitors like Bangladesh, Vietnam, Ethiopia enjoy duty-free access to markets of EU and USA. Other hindering factors such as high domestic taxes on manmade fabrics vis a vis cotton fabrics; stringent labour laws and high logistics cost still persist, and if addressed, the total Indian textile exports could touch US \$60 billion over the next 5-7 years.

## Growth Outlook

Increased investments and conducive policy environment continue to be made by the Government to support the Textile sector in India, given its dominance in terms of employment generation and GDP contribution.

The Union Budget 2018-19 raised special package by 19 per cent to ₹71.48 billion (previous year : ₹60 bn) for apparel sector to boost exports. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as **Scheme for Integrated Textiles Parks (SITP)**, **Amended Technology Up-gradation Fund Scheme (A-TUFS)**, **Scheme for Capacity Building in Textile Sector (SCBTS)** and other employment-linked labor incentives.

Under A-TUFS, the government is providing an additional 10% capital investment subsidy for garmenting and made up units, apart from the 15% subsidy already applicable. Such benefit is based on the achievement of projected production and employment after a period of three years. Since the implementation of the scheme, the employment generation has been recorded as about 66,000, and 688 applications till Oct 2017 have been received involving subsidy of about ₹354 cr. As on Jan, 2018, a total of 4254 proposals with a projected investment of over ₹15,000 cr and estimated employment potential of 4,46,000 persons have been approved under the scheme.

In enhanced labor reforms, the Government is bearing 3.67% of employers' Employee Provident Fund (EPF) contribution for new employees enrolling in EPFO, in addition to existing reimbursement of 8.33% employer contribution under **Pradhan Mantri Paridhan Protsahan Yojana (PMRPY)** for three years. Under this scheme, upto December, 2017, about 660 establishments have generated employment for about 1.6 lakh workers, and over ₹10 cr have been disbursed.

To boost employment generation, enhanced duty drawback on exports was provided under Rebate of State Levies (RoSL) Scheme and Special Advance Authorisation Scheme in apparels and made up sectors. Upto December, 2017, it is reported that a sum of ₹1,540 cr has been disbursed to eligible units under this RoSL scheme.

Most of the government schemes for export promotion and employment generation have now become result-oriented, rather than being input-based as earlier, since subsidies get disbursed to eligible units only after employment generation actually takes place.

The **Integrated Skill Development Scheme (ISDS)** had been introduced to meet the needs of the industry for a skilled workforce and thereby support its competitiveness, while providing employment to many. During FY2016-17 and FY2017-18, more than 4 lakh persons have been provided employment in the textile industry after training under ISDS. The Ministry has also now introduced another skill development scheme, covering entire value chain of the textile sector - "Scheme for Capacity Building in Textile Sector (SCBTS)" - with an additional outlay of ₹1300 cr.

Several inherent advantages of Indian textile industry such as abundant availability of raw materials, skilled manpower, presence of traditional skill sectors, handloom and handicraft; existence of entire value chain for textile production are also attracting major global textiles and apparel players to invest in India. As per the recent data, Indian textile industry has received FDI amounting to US\$70 million during March, 2016 to March, 2017, which is an indication of further growth for the industry.

The future of the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. Factors like consumerism, rapid urbanization, increase in penetration of organized retail, e-commerce boom, growth in per capita income and disposable income levels, increased awareness about the benefits of textiles and favorable demographics is expected to propel the consumption of apparels and other textile products. Growth in building and construction will continue to drive demand for non-clothing textiles. Moreover, India has some distinct competitive advantages like abundant availability of raw materials, skilled manpower and competitive cost of production.

Sources: Various industry reports and data from government sources.

## Opportunity and Threats

The global industry is tilted towards increased usage of manmade fibres, almost 60-70%, which are less volatile than natural fibres, and exporting countries like India need to invest more and shift towards emerging trends. Globally, polyester consumption is growing and gaining market share, though Indian textile industry still remains cotton-focused. Consumption of polyester fibre in apparel and home textiles products is gaining momentum due to factors like fluctuation of cotton prices, increased presence & sourcing by global brands where polyester fibre dominates, growth of women's wear segment, growth of value retail etc.



Indian home textile products have lately gained a significant market share globally, accounting for about 7% of global home textiles trade. Superior quality products have made India garner almost two-thirds share in the US and the UK overall exports of home textiles. India's home textile industry is expected to expand to US\$ 8.2 billion in 2021 from US\$ 5.5 billion in 2016.

India's embroidery market is also constantly growing and is one of the oldest and the most popular form of surface ornamentation of fabrics and garments and is getting more organized with large players entering the market. India is among the top suppliers of embroidered fabrics and garments worldwide. Demand for garments embellished with embroideries with sequins and crystals are quite strong in the international market, as also in India. However, while embroidery is used in a whole lot of products internationally, the market is still an unexplored one in India.

Post introduction of GST, the Government needs to streamline issues related to tax refunds, inverted duty structure, export competitiveness, increasing apparel imports, etc., to make Indian manufacturers and suppliers competitive in the global market. The organized segment, of which your Company also is a part, should become competitive and grow incrementally at the expense of the hitherto unorganized segment.

A major threat remains in the form of sluggish demand in major export destinations of India's textile and apparel products viz. EU and USA, growing protectionism and interventions by the developed nations accompanied with rising competition with Bangladesh, Vietnam, Turkey etc. have eventually affected the production of various textile and apparel products in the economy.

There is also a need for the government to consider the proposal of signing FTA's with India's large export destination countries so that India does not get circumvented due to higher tariffs. Even Indian manufacturers are migrating to foreign territories like Ethiopia which possess favoured status with developed nations in order to remain price competitive and enjoy the benefits that come with signing of FTA.

### Risks and Concern

Internally, your Company faces certain challenges in terms of higher interest costs and unavailability of increased funding at competitive rates. Access to working capital and growth funding at market-competitive rates is crucial to the performance of the Company, as the overall domestic market demand has not been supportive in the last two years and cheaper imports, especially in embroideries, continue to gain market. Manufacturing days for both DDPY and EL business were lost during the year, due to lower product demand and modernization of EL manufacturing facilities at Sarigam.

The Company is yet to fully realize its business potential in the DDPY business, after expanding its DDPY capacity last year by almost 50%, and introducing Fully Drawn Yarn and its value-added variants, which find application in fabrics used for garments, upholstery, furnishings and carpets, and also in technical fabrics.

### B: FINANCIAL OVERVIEW

The Company has achieved a turnover of ₹26,257 lakhs as against ₹23,567 lakhs in the previous year. Net of Excise Duty, Company's sales were up by 9% even in a year marked by several headwinds.

The turnover was lower mainly due to lower sales of the domestic embroidery business, which felt the impact of GST introduction much before it could overcome the poor demand situation arising after the demonetization move by the government last year. For the DDPY business also, Company was forced to curtail production for couple of months and clear the inventory owing to reduced demand from user segments.

Overall, the exports of the Company rose 26% to ₹4,743 lakhs during the year under review, from ₹3,749 lakhs in the previous year.

### Operating Expenses

Operating expenses, before unallocable expenses, for the year ended 31<sup>st</sup> March, 2018 were ₹24,733 lakhs (previous year ₹21,250 lakhs).

### Interest Cost

The interest cost for the year under review continued to be controlled, (₹942 lakhs as against ₹1,063 lakhs in the previous year).

The total secured borrowings as on year-end FY18 stand at about ₹6,438 lakhs (previous year ₹6,473 lakhs), including working capital of ₹1,511 lakhs (previous year ₹1,480 lakh). During the year, the Company managed to refinance its debt at lower interest rates.

### Profits

Profit before Finance Costs, Depreciation, Tax and Exceptional Items for the year stood at ₹1,209 lakhs (₹1,895 lakhs). The net loss for the year is ₹585 lakhs as against a net profit of ₹13 lakhs in the previous year. The Company has generated an operational cash profit of ₹267 lakhs during the year under report (previous year ₹832 lakhs).



## C: PERFORMANCE REVIEW

With manufacturing facilities at four locations across the country, Pioneer has a varied and diverse product portfolio, with Dope Dyed Polyester Yarn contributing the lion's share towards the Company's revenues and profitability.

The products of the Company and their manufacturing locations are as follows:

| Product                                                                                         | Location                          |
|-------------------------------------------------------------------------------------------------|-----------------------------------|
| Dope Dyed Polyester Yarns                                                                       | Kala-amb (Himachal Pradesh)       |
| Embroidered Laces- Fabric & Guipure, Embroidered dress material (made on Schiffli machines)     | Sarigam(Gujarat)                  |
| Braided Laces (made on Bobbin Lace machines)                                                    | Sarigam(Gujarat), Coimbatore(TN)  |
| Embroidered fabrics, Allover fabrics and laces                                                  | Naroli (Silvassa), Coimbatore(TN) |
| Processing of Synthetic & Cotton Fabrics, Guipure and Fabric Laces, Allover embroidered fabrics | Sarigam (Gujarat)                 |

### Dope Dyed Polyester Yarn

During the year under review, Company's Dope Dyed Polyester Yarn (DDPY) business recorded a turnover of ₹21,646 lakhs (net of excise duty of ₹523 lakhs during the first quarter of FY2017-18), an increase of 17% over previous year's turnover of ₹18,552 lakhs.

While headline growth is decent, this has in the first full year of enlarged capacities pursuant to the major expansion completed by the Company in the previous year. The overall demand in the business fell soon after the introduction of GST, and the Company had to curtail its production for couple of months to de-stock inventory. Volume-wise, DDPY recorded about 23% rise to 16,666 MT over previous year, although the share of value-added products came down by over 260 basis points to about 64.5% and average realisation fell by about 5%.

Fixed overheads however, continued, and operating profit margins before unallocable expenses hit a four-year low of 9.4%, a drop of about 100 basis points over previous year. The operating profit for the DDPY business during the year stood at ₹2,036 lakhs as against ₹1,951 lakhs earlier.

The Company successfully managed to limit the impact of unfavourable macro factors, given its strengths of efficient operations, marketing network, product development and international operations. Export revenues for DDPY during the year grew 30% over previous year to ₹4,183 lakhs, overcoming the huge drop in exports witnessed in FY2016-17.

### Embroidery Business

The ELD recorded a turnover of ₹4,088 lakhs, a drop of 18.5% over previous year. This business, which is largely domestic in nature, was severely impacted due to industry-wide scenario following the implementation of the Goods and Service Tax (GST) from 1st July 2017. Textile products, hitherto largely untaxed, witnessed drop in domestic consumer demand after GST was introduced, affecting the production, sales and business margins of several players across industry chain.

Even earlier, the demand had remained subdued after the demonetization drive in the previous year. The situation is further compounded by infiltration of imported cheaper laces and embroidery products.

Within the overall Embroidery Business, the Braided Lace segment also witnessed challenging environment, and though turnover dropped by about 10% to ₹521 lakhs, the segment's EBITDA for the year decreased substantially to ₹38 lakhs as against ₹141 lakhs during the previous year.

Your Company, however, utilized the situation by curtailing production at one of its units in Sarigam and revamping its major equipment to restore efficiency, speed and accuracy. An amount of about ₹330 lakhs was spent on the revamp, and the benefits of the investments made are expected to accrue from the current year onwards.

Apart from reduced sales and production of EL products, the process house business of the Company also suffered losses due to insufficient demand, although the fixed expenses continued to be incurred. Consequently, ELD division as a whole reported its first-ever operating loss in a decade, of ₹404 lakhs during the year, as against an operating profit of ₹399 lakhs during previous year. Part of the losses were also consequent to the re-pricing of the inventory in line with current market price to maintain transparency of the reported performance.

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Pioneer Embroideries Limited,

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Pioneer Embroideries Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act., This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, and its loss (financial performance including comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

The audited standalone financial statements for the year ended 31<sup>st</sup> March, 2017, was carried out and reported by M/s M B A H & CO, vide their unmodified audit report dated 29<sup>th</sup> May, 2017, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the standalone financial statements. Our audit report is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143(11) of the Act (hereinafter referred to the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Financial Statements dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the Company has disclosed the impact, if any, of pending litigations on its financial position in its financial statements;
  - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - there is no amount that is required to be transferred to the Investor Education and Protection Fund by the Company.
  - The disclosure requirements relating to holding as well as dealings in Specified Bank Notes were applicable for the period from 8<sup>th</sup> November, 2016 to 31<sup>st</sup> December, 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For S.K. Naredi & Co.  
Chartered Accountants  
(Firm's Registration No.: 003333C)

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

**RAHUL NAREDI**  
Partner  
Membership Number: 302632

### Annexure "A" to the Independent Auditors' Report

Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements, of the Independent Auditors' Report of even date to the members of Pioneer Embroideries Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2018.

- The Company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management in accordance with the phased verification program, which, in our opinion, is reasonable having regards to the size of the Company and the nature of its fixed assets. No material discrepancies have been noticed on such verification.
  - The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company, except for leasehold land and building acquired pursuant to the scheme of merger, having a carrying value of ₹60.24 lakhs as at 31<sup>st</sup> March, 2018.
- The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the management. In respect of inventory lying with the third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of the Company.
- As per the information and explanation given to us and the records produced before us for verification, the Company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Act.
  - In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest except that these loans are interest free.
  - As explained to us, receipt of principal amount is on demand basis and there is no fixed repayment schedule.
  - There is no overdue amount as these loans are on demand basis.
- In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of the loans, investments, guarantees, and securities except that such loans are given interest free.
- In our opinion and according to the information and explanations given to us, the Company has not accepted deposits, in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to Rules made by the Central Government of India, the maintenance of cost records has been prescribe under sub-section (1) of section 148 of the Act, and are of opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.



- vii. a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. There are no undisputed statutory dues which are in arrears, as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, details of dues of income-tax or sales-tax or service tax or duty of customs or duty of excise or value added tax, which have not been deposited as on 31<sup>st</sup> March, 2018 on account of any dispute are given below:

| Particulars    | Year to which the matter pertains | Forum where matter is pending | Amount (₹ in lakhs) |
|----------------|-----------------------------------|-------------------------------|---------------------|
| Duty of excise | F.Y. 2001-02                      | Commissioner Appeal           | 33.58               |
| Income-tax     | Block A.Y. 1999-00 to 2004-05     | CIT (Appeals)                 | 49.01               |
| Income-tax     | A.Y. 2002-03                      | CIT (Appeals)                 | 13.33               |
| Service-tax    | F.Y. 2007-08 to 2010-11           | Commissioner Appeal           | 123.85              |

- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to financial institutions and banks during the year. However, there is no overdues as on 31<sup>st</sup> March, 2018.
- ix. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- x. According to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements, as required by the applicable Ind AS.
- xiv. According to the information and explanations given to us, the company has made a preferential allotment of equity shares during the year under review and the requirement of section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them covered under Section 192 of the Act.
- xvi. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S.K. Naredi & Co.  
Chartered Accountants  
(Firm's Registration No.: 003333C)

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

**RAHUL NAREDI**  
Partner  
Membership Number: 302632

## Annexure "B" to the Independent Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Pioneer Embroideries Limited ("the Company"), as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of



India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.K. Naredi & Co.  
Chartered Accountants  
(Firm's Registration No.: 003333C)

**RAHUL NAREDI**  
Partner  
Membership Number: 302632

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018


**STANDALONE BALANCE SHEET AS AT MARCH 31, 2018**

(₹ in lakhs)

| Particulars                             | Note | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>April 1, 2016 |
|-----------------------------------------|------|-------------------------|-------------------------|------------------------|
| <b>I ASSETS</b>                         |      |                         |                         |                        |
| <b>1 Non-Current Assets</b>             |      |                         |                         |                        |
| (a) Property, Plant & Equipments        | 3    |                         |                         |                        |
| (i) Tangible Assets                     |      | 9,543.68                | 9,843.09                | 7,770.93               |
| (ii) Capital Work- in- Progress         |      | 297.95                  | 35.88                   | 335.78                 |
| (iii) Other Intangible Assets           |      | 48.50                   | 29.72                   | 33.42                  |
| (b) Financial Assets                    |      |                         |                         |                        |
| (i) Investments                         | 4    | 929.64                  | 929.64                  | 5,251.79               |
| (ii) Other Non-Current Financial Assets | 5    | 240.18                  | 212.33                  | 216.58                 |
| (c) Other Non-Current Assets            | 6    | 96.28                   | 199.80                  | 515.18                 |
| <b>2 Current Assets</b>                 |      |                         |                         |                        |
| (a) Inventories                         | 7    | 3,086.16                | 3,927.52                | 2,854.81               |
| (b) Financial Assets                    |      |                         |                         |                        |
| (i) Trade Receivables                   | 8    | 2,500.80                | 2,158.20                | 2,333.28               |
| (ii) Cash and Cash Equivalents          | 9    | 139.54                  | 129.83                  | 153.23                 |
| (iii) Other Current Financial Assets    | 10   | 1,304.40                | 1,278.14                | 2,327.84               |
| (c) Current Tax Assets (Net)            | 11   | 118.71                  | 117.87                  | 174.75                 |
| (d) Other Current Assets                | 12   | 426.67                  | 203.76                  | 172.66                 |
|                                         |      | <b>18,732.51</b>        | <b>19,065.78</b>        | <b>22,140.25</b>       |
| <b>II EQUITY AND LIABILITIES</b>        |      |                         |                         |                        |
| <b>1 Equity</b>                         |      |                         |                         |                        |
| (a) Equity Share Capital                | 13   | 2,411.73                | 2,154.91                | 1,854.91               |
| (b) Other Equity                        | 14   | 5,383.06                | 6,098.75                | 9,279.63               |
| <b>2 Non-Current Liabilities</b>        |      |                         |                         |                        |
| (a) Financial Liabilities               |      |                         |                         |                        |
| (i) Borrowings                          | 15   | 3,476.05                | 2,997.91                | 4,203.43               |
| (b) Provisions                          | 16   | 354.09                  | 339.46                  | 296.98                 |
| <b>3 Current Liabilities</b>            |      |                         |                         |                        |
| (a) Financial Liabilities               |      |                         |                         |                        |
| (i) Borrowings                          | 17   | 1,589.27                | 1,729.34                | 1,146.17               |
| (ii) Trade Payables                     | 18   | 3,016.25                | 2,944.17                | 2,343.10               |
| (iii) Other Current Liabilities         | 19   | 2,067.44                | 2,443.06                | 2,573.33               |
| (b) Provisions                          | 20   | 10.14                   | 15.19                   | 20.31                  |
| (c) Other Current Liabilities           | 21   | 424.48                  | 342.99                  | 422.39                 |
|                                         |      | <b>18,732.51</b>        | <b>19,065.78</b>        | <b>22,140.25</b>       |

Significant Accounting Policies and other Notes to Financial Statements.

1-42

The accompanying Notes are an integral part of the Financial Statements.

As per our Report of even date

For **S. K. Naredi & Co.**

Chartered Accountants

(Firm's Registration No.: 003333C)

For &amp; on behalf of the Board

**RAHUL NAREDI**

Partner

Membership Number:302632

**HARSH VARDHAN BASSI**

Managing Director

DIN : 00102941

**RAJ KUMAR SEKHANI**

Chairman

DIN : 00102843

**NAWAL SHARMA**

Chief Financial Officer

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018




**STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                                                   | Note | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|-------------------------------------------------------------------------------|------|--------------------------------------|--------------------------------------|
| <b>Revenue</b>                                                                |      |                                      |                                      |
| Revenue from Operations                                                       | 22   | 26,256.58                            | 23,566.68                            |
| Other Income                                                                  | 23   | 232.66                               | 220.71                               |
| <b>Total Revenue</b>                                                          |      | <b>26,489.24</b>                     | <b>23,787.39</b>                     |
| <b>Expenses</b>                                                               |      |                                      |                                      |
| Cost of Materials Consumed                                                    | 24   | 15,118.09                            | 13,448.26                            |
| Purchases of Stock-in-Trade                                                   |      | 346.93                               | 520.21                               |
| Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 25   | 188.10                               | (665.11)                             |
| Employee Benefits Expense                                                     | 26   | 3,384.90                             | 3,280.09                             |
| Finance Costs                                                                 | 27   | 941.84                               | 1,063.21                             |
| Depreciation and Amortization Expenses                                        | 3    | 852.80                               | 818.90                               |
| Other Expenses                                                                | 28   | 6,241.88                             | 5,308.71                             |
| <b>Total Expenses</b>                                                         |      | <b>27,074.54</b>                     | <b>23,774.27</b>                     |
| <b>Profit/ (Loss) before Tax</b>                                              |      | <b>(585.30)</b>                      | <b>13.12</b>                         |
| <b>Tax Expenses</b>                                                           |      | <b>-</b>                             | <b>-</b>                             |
| <b>Profit / (Loss) for the year (A)</b>                                       |      | <b>(585.30)</b>                      | <b>13.12</b>                         |
| <b>Other Comprehensive Income</b>                                             |      |                                      |                                      |
| Items that will not reclassified to Statement of Profit and Loss (Net of Tax) |      | 26.44                                | 20.65                                |
| <b>Other Comprehensive Income for the year (B)</b>                            |      | <b>26.44</b>                         | <b>20.65</b>                         |
| <b>Total Comprehensive Income for the year (A+B)</b>                          |      | <b>(558.85)</b>                      | <b>33.77</b>                         |
| Earning per Equity Share of ₹10 each                                          | 42   |                                      |                                      |
| (1) Basic (₹)                                                                 |      | (2.57)                               | 0.07                                 |
| (2) Diluted (₹)                                                               |      | (2.57)                               | 0.05                                 |

Significant Accounting Policies and other Notes to Financial Statements. 1-42

The accompanying Notes are an integral part of the Financial Statements.

As per our Report of even date

For **S. K. Naredi & Co.**

Chartered Accountants

(Firm's Registration No.: 003333C)

For &amp; on behalf of the Board

**RAHUL NAREDI**

Partner

Membership Number:302632

**HARSH VARDHAN BASSI**

Managing Director

DIN : 00102941

**RAJ KUMAR SEKHANI**

Chairman

DIN : 00102843

**NAWAL SHARMA**

Chief Financial Officer

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018


**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

|                                                                        | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A. Cash Flow From Operating Activities :</b>                        |                                      |                                      |
| Net Profit / (Loss) before Extraordinary Items and Tax                 | (585.30)                             | 13.12                                |
| <u>Adjustment for :</u>                                                |                                      |                                      |
| Depreciation and Amortisation                                          | 852.80                               | 818.90                               |
| (Profit) on Sale of Assets (net)                                       | (69.82)                              | (112.46)                             |
| Interest Income                                                        | (33.08)                              | (24.94)                              |
| Finance Costs                                                          | 941.84                               | 1,063.21                             |
| Provision for Doubtful Trade Receivable                                | (15.49)                              | 33.22                                |
| Liabilities/Provisions no longer required written back                 | -                                    | (28.34)                              |
| Operating Profit / (Loss) before Working Capital Changes               | <b>1,090.95</b>                      | <b>1,762.71</b>                      |
| <u>Changes in Working Capital:</u>                                     |                                      |                                      |
| Adjustments for (increase) / decrease in operating assets/liabilities: |                                      |                                      |
| Inventories                                                            | 841.36                               | (1,072.71)                           |
| Trade and Other Receivables                                            | (604.14)                             | 1,097.14                             |
| Trade and Other Payables                                               | (85.44)                              | 650.38                               |
| Cash generated from Operation                                          | <b>1,242.73</b>                      | <b>2,437.52</b>                      |
| Net Income Tax (paid) / refunds                                        | (0.84)                               | 56.88                                |
| <b>Net Cash from Operating Activities</b>                              | <b>1,241.89</b>                      | <b>2,494.40</b>                      |
| <b>B. Cash Flow From Investing Activities :</b>                        |                                      |                                      |
| Capital Expenditure on Fixed Assets, including Capital Advances        | (888.70)                             | (2,385.97)                           |
| Proceeds from Sale of Fixed Assets (net of Advance)                    | 157.43                               | 314.25                               |
| Proceeds from Long Term Investments                                    | -                                    | 5.07                                 |
| Interest Received - Others                                             | 33.08                                | 24.94                                |
| <b>Net Cash from / (used) in Investing Activities</b>                  | <b>(698.19)</b>                      | <b>(2,041.71)</b>                    |
| <b>C. Cash Flow From Financing Activities :</b>                        |                                      |                                      |
| Proceeds from Issue of Equity Share Capital (including Share Premium)  | 100.00                               | 1,470.00                             |
| Proceeds from / (Repayment) of Long Term Borrowing (Net)               | 478.14                               | (1,205.51)                           |
| Net increase / (decrease) in Working Capital Borrowings                | (140.07)                             | 583.17                               |
| Finance Costs                                                          | (972.06)                             | (1,323.75)                           |
| <b>Net Cash used in Financing Activities</b>                           | <b>(533.99)</b>                      | <b>(476.09)</b>                      |
| Net increase / (decrease) in cash and Cash Equivalents ( A+B+C)        | 9.71                                 | (23.40)                              |
| Add: Opening Cash and Cash Equivalent                                  | 129.83                               | 153.23                               |
| Closing Cash and Cash Equivalent                                       | <b>139.54</b>                        | <b>129.83</b>                        |

**Amendment to Ind AS 7**

Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the Statement of Cash Flows.

As per our Report of even date attached herewith

For &amp; on behalf of the Board

For S. K. Naredi &amp; Co.

Chartered Accountants

(Firm's Registration No.: 003333C)

**RAHUL NAREDI**

Partner

Membership Number: 302632

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

**NAWAL SHARMA**

Chief Financial Officer

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018

# STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

**(a) Equity Share Capital & Reconciliation of number of shares outstanding at the beginning and end of the year :**

| Particulars                                     | As at March 31, 2018 |                 | As at March 31, 2017 |                 |
|-------------------------------------------------|----------------------|-----------------|----------------------|-----------------|
|                                                 | Number of shares     | Amount          | Number of shares     | Amount          |
| Balance at the beginning of the year            | 2,15,49,094          | 2,154.91        | 1,85,49,094          | 1,854.91        |
| Changes in Equity Share Capital during the year | 25,68,191            | 256.82          | 30,00,000            | 300.00          |
| <b>Balance at the end of the year</b>           | <b>2,41,17,285</b>   | <b>2,411.73</b> | <b>2,15,49,094</b>   | <b>2,154.91</b> |

**(b) Other Equity**

| Particulars                                               | Reserves and Surplus     |                   | 9% Optionally Convertible Cumulative Redeemable Preference Shares | Other Comprehensive Income Remeasurement of Defined Benefit Plans | Total           |
|-----------------------------------------------------------|--------------------------|-------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-----------------|
|                                                           | Security Premium Reserve | Retained Earnings |                                                                   |                                                                   |                 |
| Restated balance at the beginning of the reporting period | 1,566.14                 | 6,040.58          | 1,666.58                                                          | 6.32                                                              | 9,279.62        |
| Profit for the year                                       | -                        | 13.12             | -                                                                 | -                                                                 | 13.12           |
| Other Comprehensive Income for the year                   | -                        | -                 | -                                                                 | 20.65                                                             | 20.65           |
| <b>Total Comprehensive Income for the year</b>            | <b>-</b>                 | <b>13.12</b>      | <b>-</b>                                                          | <b>20.65</b>                                                      | <b>33.77</b>    |
| Consequent to Settlement of Loans                         | -                        | 182.28            | -                                                                 | -                                                                 | 182.28          |
| Consequent to Provision for Investments / Loan & Advances | -                        | (4,384.65)        | -                                                                 | -                                                                 | (4,384.65)      |
| On issuance of Equity Shares                              | 1,170.00                 | -                 | -                                                                 | -                                                                 | 1,170.00        |
| Redeemed/Surrendered during the year                      | -                        | -                 | (182.27)                                                          | -                                                                 | (182.27)        |
| <b>Balance at March 31, 2017</b>                          | <b>2,736.14</b>          | <b>1,851.33</b>   | <b>1,484.31</b>                                                   | <b>26.97</b>                                                      | <b>6,098.75</b> |
| Profit / (Loss) for the year                              | -                        | (585.30)          | -                                                                 | -                                                                 | (585.30)        |
| Other Comprehensive Income for the year                   | -                        | -                 | -                                                                 | 26.44                                                             | 26.44           |
| <b>Total comprehensive income for the year</b>            | <b>-</b>                 | <b>(585.30)</b>   | <b>-</b>                                                          | <b>26.44</b>                                                      | <b>(558.86)</b> |
| Consequent to Settlement of Loans                         | -                        | 213.15            | -                                                                 | -                                                                 | 213.15          |
| On issuance of Equity Shares                              | 815.71                   | -                 | -                                                                 | -                                                                 | 815.71          |
| Redeemed/Surrendered during the year                      | -                        | -                 | (1,185.69)                                                        | -                                                                 | (1,185.69)      |
| <b>Balance at March 31, 2018</b>                          | <b>3,551.85</b>          | <b>1,479.18</b>   | <b>298.62</b>                                                     | <b>53.41</b>                                                      | <b>5,383.06</b> |

**Securities Premium Reserve:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013

The accompanying Notes are an integral part of the Financial Statements.

As per our Report of even date  
For **S. K. Naredi & Co.**  
Chartered Accountants  
(Firm's Registration No.: 003333C)

For & on behalf of the Board

**RAHUL NAREDI**  
Partner  
Membership Number:302632

**HARSH VARDHAN BASSI**  
Managing Director  
DIN : 00102941

**RAJ KUMAR SEKHANI**  
Chairman  
DIN : 00102843

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

**NAWAL SHARMA**  
Chief Financial Officer

**AMI THAKKAR**  
Company Secretary



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1 Reporting Entity

Pioneer Embroideries Limited referred to as “the Company” is domiciled in India. The Company’s registered office is at Unit 101B, 1<sup>st</sup> Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai-400 058. The Company is a manufacturer of Dope Dyed Polyester Yarn (DDPY), Embroidery & Lace Products. It has four manufacturing units located at Kala-amb (Himachal Pradesh) for DDPY and Sarigam (Gujarat), Naroli (Daman & Nagar Haveli), Coimbatore (Tamilnadu) for Embroidery and Laces.

### 2 Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

#### 2.1 Basis of Preparation

The standalone financial statements of Pioneer Embroideries Limited (“the Company”) comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other accounting principles generally accepted in India.

The financial statement up to year ended March 31, 2017 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014.

The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e. April 1, 2016 and transitional adjustment were recognized directly through retained earnings. (Refer Note 35).

#### 2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention on accrual basis and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Functional and Presentation Currency

These financial statements are presented in Indian National Rupee (‘INR’), which is the Company’s functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

#### 2.4 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Useful life and residual value of Property, Plant and Equipment;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

### 2.5 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and Cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

### 2.6 Property, Plant and Equipment (Fixed Assets)

#### Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Foreign exchange loss/gain arising on long-term foreign currency monetary items existing as on April 1, 2016 used for depreciable assets, which are capitalised as per transitional provision of Ind AS 101 "First time adoption".

#### Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the Company.

#### Depreciation

Depreciation is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below ₹5000 are fully depreciated in the year of purchase.

#### Capital work-in-progress

Expenditure incurred during the construction period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

#### De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 2.7 Intangible Assets

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 10 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 2.8 Non-current Assets held for Sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### 2.9 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

### 2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 2.11 Foreign Currency Transactions

Transactions in foreign currencies are recorded by the Company at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- in respect of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind as financial reporting period, the Company has elected to recognise exchange differences on translation of such long term foreign currency monetary items in line with its Previous GAAP accounting policy.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### 2.12 Employee Benefits

#### Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

### Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other equity and will not be reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### Other long-term employee benefits

The Company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

## 2.13 Revenue Recognition

The Company recognises revenue from sale of goods when;

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the amount of revenue can be measured reliably;
- iii) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc.

Interest income are recognised on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive payment is established.

## 2.14 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials and stores & spare parts is computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

## 2.15 Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

### 2.16 Measurement of Fair Value

#### a) Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

#### b) Marketable and non-marketable equity securities

Fair value for quoted securities is based on quoted market prices as of the reporting date. Fair value for unquoted securities is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

### 2.17 Financial Instruments

#### Financial Assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

##### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

##### Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

##### Financial assets at fair value through profit and loss (FVTPL)

Any Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a Financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit and Loss.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

### Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## 2.18 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In view of uncertainty to have taxable income in immediate future as prudent, no deferred tax assets are recognised for the year.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

### 2.19 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company.

### 2.21 Standard issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115, 'Revenue from Contracts with Customers.' The amendments are applicable to the Company from April 1, 2018.

#### (a) Amendment to Ind AS 21

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

#### (b) Amendment to Ind AS 115

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 3 FIXED ASSETS

(₹ in lakhs)

| S. NO. | PARTICULARS                     | GROSS BLOCK              |               |                           |                           | DEPRECIATION             |               |                           |                            | NET BLOCK                  |                           |
|--------|---------------------------------|--------------------------|---------------|---------------------------|---------------------------|--------------------------|---------------|---------------------------|----------------------------|----------------------------|---------------------------|
|        |                                 | AS AT<br>APRIL<br>1,2017 | ADDITION      | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31,2018 | AS AT<br>APRIL<br>1,2017 | ADDITION      | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31, 2018 | AS AT<br>MARCH<br>31, 2018 | AS AT<br>MARCH<br>31,2017 |
|        | <b>Tangible Assets:</b>         |                          |               |                           |                           |                          |               |                           |                            |                            |                           |
| 1      | Land - Owned                    | 420.73                   | -             | 28.44                     | 392.29                    | -                        | -             | -                         | -                          | 392.29                     | 420.73                    |
| 2      | Buildings                       | 3,016.13                 | 68.58         | 5.46                      | 3,079.25                  | 132.17                   | 140.03        | 1.08                      | 271.12                     | 2,808.13                   | 2,883.96                  |
| 3      | Plant & Machineries             | 6,501.46                 | 542.57        | 59.07                     | 6,984.96                  | 502.19                   | 592.88        | 4.28                      | 1,090.79                   | 5,894.17                   | 5,999.27                  |
| 4      | Furniture & Fixtures            | 43.71                    | 6.35          | -                         | 50.06                     | 16.65                    | 14.18         | -                         | 30.83                      | 19.23                      | 27.06                     |
| 5      | Vehicles                        | 93.85                    | -             | -                         | 93.85                     | 13.70                    | 13.02         | -                         | 26.72                      | 67.13                      | 80.15                     |
| 6      | Office Equipments               | 18.28                    | 2.94          | -                         | 21.22                     | 5.20                     | 4.44          | -                         | 9.64                       | 11.58                      | 13.08                     |
| 7      | Computers                       | 47.78                    | 5.94          | -                         | 53.72                     | 9.23                     | 12.44         | -                         | 21.67                      | 32.05                      | 38.55                     |
| 8      | Electrical Installations        | 485.44                   | 3.77          | -                         | 489.21                    | 129.66                   | 64.66         | -                         | 194.32                     | 294.89                     | 355.78                    |
| 9      | Borewell                        | 0.07                     | -             | -                         | 0.07                      | 0.07                     | -             | -                         | 0.07                       | -                          | -                         |
| 10     | <b>Leasehold Assets:</b>        |                          |               |                           |                           |                          |               |                           |                            |                            |                           |
|        | Leasehold Land                  | 24.81                    | -             | -                         | 24.81                     | 0.30                     | 0.30          | -                         | 0.60                       | 24.21                      | 24.51                     |
|        | <b>Sub Total</b>                | <b>10,652.26</b>         | <b>630.15</b> | <b>92.97</b>              | <b>11,189.44</b>          | <b>809.17</b>            | <b>841.95</b> | <b>5.36</b>               | <b>1,645.76</b>            | <b>9,543.68</b>            | <b>9,843.09</b>           |
|        | <b>Intangible Assets:</b>       |                          |               |                           |                           |                          |               |                           |                            |                            |                           |
| 11     | Computer Softwares              | 38.37                    | 29.63         | -                         | 68.00                     | 8.65                     | 10.85         | -                         | 19.50                      | 48.50                      | 29.72                     |
|        | <b>Sub Total</b>                | <b>38.37</b>             | <b>29.63</b>  | <b>-</b>                  | <b>68.00</b>              | <b>8.65</b>              | <b>10.85</b>  | <b>-</b>                  | <b>19.50</b>               | <b>48.50</b>               | <b>29.72</b>              |
|        | <b>Total</b>                    | <b>10,690.63</b>         | <b>659.78</b> | <b>92.97</b>              | <b>11,257.44</b>          | <b>817.82</b>            | <b>852.80</b> | <b>5.36</b>               | <b>1,665.26</b>            | <b>9,592.17</b>            | <b>9,872.81</b>           |
|        | Previous Year                   | 20,049.99                | 3,089.16      | 503.67                    | 22,635.48                 | 12,245.64                | 818.90        | 301.87                    | 12,762.67                  | 9,872.80                   | 19,231.08                 |
|        | <b>Capital Work-in-Progress</b> |                          |               |                           |                           |                          |               |                           |                            | <b>297.95</b>              | <b>35.88</b>              |
|        |                                 |                          |               |                           |                           |                          |               |                           |                            | <b>9,890.13</b>            | <b>9,908.69</b>           |

- 3.1 a) Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.  
b) Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.  
c) Capital Work in progress includes a sum of ₹297.95 spent for ongoing expansion at Kala-amb unit and Sarigam unit.

| S. NO. | PARTICULARS                     | GROSS BLOCK              |                 |                           |                           | DEPRECIATION             |               |                           |                           | NET BLOCK                 |                           |
|--------|---------------------------------|--------------------------|-----------------|---------------------------|---------------------------|--------------------------|---------------|---------------------------|---------------------------|---------------------------|---------------------------|
|        |                                 | AS AT<br>APRIL<br>1,2016 | ADDITION        | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31,2017 | AS AT<br>APRIL<br>1,2016 | ADDITION      | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31,2017 | AS AT<br>MARCH<br>31,2017 | AS AT<br>MARCH<br>31,2016 |
|        | <b>Tangible Assets:</b>         |                          |                 |                           |                           |                          |               |                           |                           |                           |                           |
| 1      | Land - Owned                    | 468.46                   | 13.52           | 61.25                     | 420.73                    | -                        | -             | -                         | -                         | 420.73                    | 468.46                    |
| 2      | Buildings                       | 2,689.27                 | 460.95          | 134.09                    | 3,016.13                  | -                        | 133.25        | 1.08                      | 132.17                    | 2,883.96                  | 2,689.27                  |
| 3      | Plant & Machineries             | 4,081.49                 | 2,426.77        | 6.80                      | 6,501.46                  | -                        | 502.19        | -                         | 502.19                    | 5,999.27                  | 4,081.49                  |
| 4      | Furniture & Fixtures            | 41.45                    | 2.26            | -                         | 43.71                     | -                        | 16.65         | -                         | 16.65                     | 27.06                     | 41.45                     |
| 5      | Vehicles                        | 61.82                    | 32.76           | 0.73                      | 93.85                     | -                        | 13.70         | -                         | 13.70                     | 80.15                     | 61.82                     |
| 6      | Office Equipments               | 14.66                    | 3.62            | -                         | 18.28                     | -                        | 5.20          | -                         | 5.20                      | 13.08                     | 14.66                     |
| 7      | Computers                       | 28.51                    | 19.27           | -                         | 47.78                     | -                        | 9.23          | -                         | 9.23                      | 38.55                     | 28.51                     |
| 8      | Electrical Installations        | 360.39                   | 125.05          | -                         | 485.44                    | -                        | 129.66        | -                         | 129.66                    | 355.78                    | 360.39                    |
| 9      | Borewell                        | 0.07                     | -               | -                         | 0.07                      | -                        | 0.07          | -                         | 0.07                      | -                         | 0.07                      |
| 10     | <b>Leasehold Assets:</b>        |                          |                 |                           |                           |                          |               |                           |                           |                           |                           |
|        | Leasehold Land                  | 24.81                    | -               | -                         | 24.81                     | -                        | 0.30          | -                         | 0.30                      | 24.51                     | 24.81                     |
|        | <b>Sub Total</b>                | <b>7,770.93</b>          | <b>3,084.20</b> | <b>202.87</b>             | <b>10,652.26</b>          | <b>-</b>                 | <b>810.25</b> | <b>1.08</b>               | <b>809.17</b>             | <b>9,843.09</b>           | <b>7,770.93</b>           |
|        | <b>Intangible Assets:</b>       |                          |                 |                           |                           |                          |               |                           |                           |                           |                           |
| 11     | Computer Softwares              | 33.42                    | 4.95            | -                         | 38.37                     | -                        | 8.65          | -                         | 8.65                      | 29.72                     | 33.42                     |
|        | <b>Sub Total</b>                | <b>33.42</b>             | <b>4.95</b>     | <b>-</b>                  | <b>38.37</b>              | <b>-</b>                 | <b>8.65</b>   | <b>-</b>                  | <b>8.65</b>               | <b>29.72</b>              | <b>33.42</b>              |
|        | <b>Total</b>                    | <b>7,804.35</b>          | <b>3,089.15</b> | <b>202.87</b>             | <b>10,690.63</b>          | <b>-</b>                 | <b>818.90</b> | <b>1.08</b>               | <b>817.82</b>             | <b>9,872.81</b>           | <b>7,804.35</b>           |
|        | <b>Capital Work-in-Progress</b> |                          |                 |                           |                           |                          |               |                           |                           | <b>35.88</b>              | <b>335.78</b>             |
|        |                                 |                          |                 |                           |                           |                          |               |                           |                           | <b>9,908.69</b>           | <b>8,140.13</b>           |

- 3.2 a) Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.  
b) Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.  
c) Capital Work in progress includes a sum of ₹35.88 spent for ongoing expansion at Kala-amb unit.


**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

**4 Non- Current Investment**

| Particulars                                                                                                                               | As at March 31, 2018 |               | As at March 31, 2017 |               | As at April 1, 2016 |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------|----------------------|---------------|---------------------|-----------------|
|                                                                                                                                           | Number of shares     | Amount        | Number of shares     | Amount        | Number of shares    | Amount          |
| <b>Quoted Investments</b>                                                                                                                 |                      |               |                      |               |                     |                 |
| <b>In Other Entities (measured at fair value through profit and loss)</b>                                                                 |                      |               |                      |               |                     |                 |
| RLF Limited (listing suspended)<br>(Equity shares of Face Value of ₹10 each)<br>(Cost ₹0.06 less provision made ₹0.06)                    | 1,000                | 0.00          | 1,000                | 0.00          | 1,000               | 0.00            |
| Padmini Technologies Limited (listing suspended)<br>(Equity shares of Face Value of ₹10 each)<br>(Cost ₹17.56 less provision made ₹17.56) | 68,939               | 0.00          | 68,939               | 0.00          | 68,939              | 0.00            |
| <b>Unquoted Investments</b>                                                                                                               |                      |               |                      |               |                     |                 |
| <b>a) Investment in Subsidiaries (measured at cost)</b>                                                                                   |                      |               |                      |               |                     |                 |
| Hakoba Lifestyle Limited<br>(Equity shares of Face Value of ₹10 each)                                                                     | 48,46,312            | 484.63        | 48,46,312            | 484.63        | 4,84,63,117         | 4,768.90        |
| Pioneer Realty Limited<br>(Equity shares of Face Value of ₹10 each)                                                                       | 50,000               | 5.00          | 50,000               | 5.00          | 50,000              | 5.00            |
| Crystal Lace (I) Limited<br>(Equity shares of Face Value of ₹10 each)                                                                     | 44,00,000            | 440.00        | 44,00,000            | 440.00        | 44,00,000           | 440.00          |
| <b>b) Investment in LLP (measured at cost)</b>                                                                                            |                      |               |                      |               |                     |                 |
| Mas Embroideries LLP<br>(formerly known as Mas Embroideries Private Limited)                                                              | -                    | -             | -                    | -             | 22,25,200           | 37.88           |
| <b>c) In Other Entities</b>                                                                                                               |                      |               |                      |               |                     |                 |
| The Greater Bombay Co-op. Bank Limited<br>(Equity shares of Face Value of ₹25 each)                                                       | 40                   | 0.01          | 40                   | 0.01          | 40                  | 0.01            |
|                                                                                                                                           | <b>93,66,291</b>     | <b>929.64</b> | <b>93,66,291</b>     | <b>929.64</b> | <b>5,52,08,296</b>  | <b>5,251.79</b> |
| a. None of the above investments are listed on any stock exchange in India or outside India.                                              |                      |               |                      |               |                     |                 |
| b. Aggregate amount of investments are given below:                                                                                       |                      |               |                      |               |                     |                 |
| Aggregate cost of unquoted investments                                                                                                    |                      | 947.26        |                      | 947.26        |                     | 5,269.41        |
| Aggregated amount of impairment in value of investment                                                                                    |                      | 17.62         |                      | 17.62         |                     | 17.62           |

| Particulars                                              | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|----------------------------------------------------------|----------------------|----------------------|---------------------|
| <b>5 Other Non - Current Financial Assets</b>            |                      |                      |                     |
| <b>Unsecured, considered good</b>                        |                      |                      |                     |
| Security Deposits                                        | 175.48               | 160.46               | 159.77              |
| Fixed Deposit in Banks with more than 12 months maturity | 64.70                | 51.87                | 56.81               |
|                                                          | <b>240.18</b>        | <b>212.33</b>        | <b>216.58</b>       |
| <b>6 Other Non - Current Assets</b>                      |                      |                      |                     |
| <b>Unsecured, considered good</b>                        |                      |                      |                     |
| Capital Advances                                         | 96.28                | 199.80               | 515.18              |
|                                                          | <b>96.28</b>         | <b>199.80</b>        | <b>515.18</b>       |

6.1 Capital advance of ₹96.28 (₹199.80) has been given to building contractors and to suppliers of plant & machineries at Dope Dyed Yarn unit at Kalamamb and Embroidery unit at Sarigam.



# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                                                                                                             | As at<br>March<br>31, 2018 | As at<br>March<br>31, 2017 | As at<br>April<br>1, 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>7 Inventories</b><br>(Valued at lower of cost or net realisable value as certified by Management)                                                                    |                            |                            |                           |
| Raw Materials                                                                                                                                                           | 553.67                     | 1,083.81                   | 726.05                    |
| Work-in-Progress                                                                                                                                                        | 583.84                     | 593.80                     | 570.46                    |
| Finished Goods                                                                                                                                                          | 1,843.69                   | 2,133.96                   | 1,492.19                  |
| Store & Spares                                                                                                                                                          | 75.92                      | 71.24                      | 38.79                     |
| Packing Material                                                                                                                                                        | 29.04                      | 44.71                      | 27.32                     |
|                                                                                                                                                                         | <u>3,086.16</u>            | <u>3,927.52</u>            | <u>2,854.81</u>           |
| <b>7.1</b> Inventories are hypothecated to secure short-term borrowings.                                                                                                |                            |                            |                           |
| <b>8 Trade Receivables</b><br>Unsecured                                                                                                                                 |                            |                            |                           |
| Considered Good                                                                                                                                                         |                            | 2,321.52                   | 2,463.38                  |
| Considered Doubtful/Bad                                                                                                                                                 |                            | 786.71                     | 786.71                    |
| Less: Allowance of Credit Losses                                                                                                                                        |                            | (950.03)                   | (916.81)                  |
|                                                                                                                                                                         |                            | <u>2,158.20</u>            | <u>2,333.28</u>           |
| <b>8.1</b> Trade receivables include outstanding from related party enterprise of ₹56.66 (₹76.51), subsidiaries of ₹2.17 (₹Nil) & associates concern of ₹8.46 (₹15.87). |                            |                            |                           |
| <b>8.2</b> Trade Receivables are hypothecated to secure short-term borrowings.                                                                                          |                            |                            |                           |
| <b>9 Cash &amp; Cash Equivalents</b>                                                                                                                                    |                            |                            |                           |
| Balances with Banks                                                                                                                                                     | 119.96                     | 102.37                     | 94.59                     |
| Cash in hand                                                                                                                                                            | 19.58                      | 27.46                      | 58.64                     |
|                                                                                                                                                                         | <u>139.54</u>              | <u>129.83</u>              | <u>153.23</u>             |
| <b>10 Other Financial Current Assets</b><br>Unsecured, considered good                                                                                                  |                            |                            |                           |
| Other Loans and Advances                                                                                                                                                |                            |                            |                           |
| Subsidiaries                                                                                                                                                            |                            |                            |                           |
| Hakoba Lifestyle Ltd.                                                                                                                                                   | 252.88                     | 238.82                     | 0.17                      |
| Mas Embroideries LLP (formerly known as Mas Embroideries Pvt. Ltd.)                                                                                                     | -                          | -                          | 77.90                     |
| Pioneer Realty Ltd.                                                                                                                                                     | 2.21                       | 2.19                       | 2.08                      |
| Related Party                                                                                                                                                           |                            |                            |                           |
| Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.)                                                                                              | -                          | -                          | 1,032.75                  |
| Others                                                                                                                                                                  |                            |                            |                           |
| Advances recoverable in cash or in kind                                                                                                                                 | 100.62                     | 75.01                      | 109.67                    |
| Loan & Advance to Staff                                                                                                                                                 | 44.39                      | 41.11                      | 47.13                     |
| Other Advances and Balances paid under protest                                                                                                                          | 6.30                       | 6.01                       | 95.00                     |
| Advances to Arcot Textile Mills Ltd. (Refer Note 10.1)                                                                                                                  | 898.00                     | 898.00                     | 962.00                    |
| Insurance Claim Receivables                                                                                                                                             | -                          | 17.00                      | 0.35                      |
| Interest Receivables (TUF)                                                                                                                                              | -                          | -                          | 0.79                      |
|                                                                                                                                                                         | <u>1,304.40</u>            | <u>1,278.14</u>            | <u>2,327.84</u>           |

**10.1**Advances to Arcot Textile Mills Limited (ATML) (then a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹1,105.00 on lump sum sale basis pursuant to MOU dated 20<sup>th</sup> December, 2007. The transfer of assets in favour of the Company was subject to deregistration of ATML from BIFR. Due to inordinate delay in deregistration from BIFR, it had been agreed that ATML will return the above advance vide their confirmation letter dated 5<sup>th</sup> October, 2012. Accordingly, ₹207.00 has been returned by ATML till March 31, 2018.

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                         | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-------------------------------------|----------------------|----------------------|---------------------|
| <b>11 Current Tax Assets (Net)</b>  |                      |                      |                     |
| Income Tax Refund Receivable (net)  | 118.71               | 117.87               | 174.75              |
|                                     | <b>118.71</b>        | <b>117.87</b>        | <b>174.75</b>       |
| <b>12 Other Current Assets</b>      |                      |                      |                     |
| Unsecured, considered good          |                      |                      |                     |
| Prepaid Expenses                    | 38.46                | 18.70                | 19.42               |
| Accrued Export and Other Incentives | 103.85               | 168.01               | 124.65              |
| Other Advances and Balances         | 284.36               | 17.05                | 28.59               |
|                                     | <b>426.67</b>        | <b>203.76</b>        | <b>172.66</b>       |

**13 Share Capital**

| Particulars                             | As at March 31, 2018 |                 | As at March 31, 2017 |                 | As at April 1, 2016 |                 |
|-----------------------------------------|----------------------|-----------------|----------------------|-----------------|---------------------|-----------------|
|                                         | Number of shares     | Amount          | Number of shares     | Amount          | Number of shares    | Amount          |
| <b>Authorised</b>                       |                      |                 |                      |                 |                     |                 |
| Equity Shares of ₹10 each               | 3,30,00,000          | 3,300.00        | 3,30,00,000          | 3,300.00        | 2,00,00,000         | 2,000.00        |
| Preference Shares of ₹10 each           | 1,70,00,000          | 1,700.00        | 1,70,00,000          | 1,700.00        | 3,00,00,000         | 3,000.00        |
|                                         | <b>5,00,00,000</b>   | <b>5,000.00</b> | <b>5,00,00,000</b>   | <b>5,000.00</b> | <b>5,00,00,000</b>  | <b>5,000.00</b> |
| <b>Issued, Subscribed &amp; Paid up</b> |                      |                 |                      |                 |                     |                 |
| Equity Shares of ₹10 each               | 2,41,17,285          | 2,411.73        | 2,15,49,094          | 2,154.91        | 1,85,49,094         | 1,854.91        |
|                                         | <b>2,41,17,285</b>   | <b>2,411.73</b> | <b>2,15,49,094</b>   | <b>2,154.91</b> | <b>1,85,49,094</b>  | <b>1,854.91</b> |

**Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the financial year:**

|                                           |                    |                 |                    |                 |                    |                 |
|-------------------------------------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| As at the beginning of the financial year | 2,15,49,094        | 2,154.91        | 1,85,49,094        | 1,854.91        |                    |                 |
| Add: Issued during the year               | 25,68,191          | 256.82          | 30,00,000          | 300.00          |                    |                 |
| As at the end of the financial year       | <b>2,41,17,285</b> | <b>2,411.73</b> | <b>2,15,49,094</b> | <b>2,154.91</b> | <b>1,85,49,094</b> | <b>1,854.91</b> |

**Issue of Shares:**

During the year, the Optionally Convertible Cumulative Redeemable Preference Share (OCCRPS) holders have exercised their right and opted to convert OCCRPS of ₹ 972.53 and accordingly, 23,72,113 equity shares of ₹10 each are issued at an average price of ₹41 per share to them. During the year, the Company has also issued to 1,96,078 equity shares of ₹10 each at the premium of ₹41 per share on preferential basis to Kotak Mahindra Bank Ltd.

**Rights, preferences and restrictions attached to Equity Shares:**

The Company has one class of Equity Shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In case of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Details of Equity Shareholding more than 5% in the Company on reporting date:**

(₹ in lakhs)

| Particulars                | As at March 31, 2018 |                            | As at March 31, 2017 |                            | As at April 1, 2016 |                            |
|----------------------------|----------------------|----------------------------|----------------------|----------------------------|---------------------|----------------------------|
|                            | Number of shares     | % holding in that class of | Number of shares     | % holding in that class of | Number of shares    | % holding in that class of |
| Raj Kumar Sekhani          | 20,45,718            | 8.48                       | 20,45,718            | 9.49                       | 20,45,718           | 11.03                      |
| Pioneer E-Com Fashions LLP | 45,01,726            | 18.67                      | 45,01,726            | 20.89                      | 64,81,726           | 34.94                      |
| Anand Sekhani              | 15,00,000            | 6.22                       | 15,00,000            | 6.96                       | -                   | -                          |
| Amit Sekhani               | 15,00,000            | 6.22                       | 15,00,000            | 6.96                       | -                   | -                          |



# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                              | As at March 31, 2018 | As at March 31, 2017 |
|--------------------------------------------------------------------------|----------------------|----------------------|
| <b>14 Other Equity</b>                                                   |                      |                      |
| <b>Share Premium Reserve</b>                                             |                      |                      |
| Opening Balance                                                          | 2,736.14             | 1,566.14             |
| Add: During the year                                                     | 815.71               | 1,170.00             |
| Balance as at the end of the year                                        | 3,551.85             | 2,736.14             |
| <b>Retained Earnings</b>                                                 |                      |                      |
| Opening Balance                                                          | 1,851.33             | 6,040.58             |
| Add: Profit / (Loss) for the year                                        | (585.30)             | 13.12                |
| Add: Consequent to Settlement of Loans (Refer Note 37)                   | 213.15               | 182.28               |
| Less: Consequent to Provision for Investments / Loan & Advances given    | -                    | 4,384.65             |
| Balance as at the end of the year                                        | 1,479.18             | 1,851.33             |
| <b>Other Comprehensive Income</b>                                        |                      |                      |
| Opening Balance                                                          | 26.97                | 6.32                 |
| Add : On Gratuity for the year                                           | 26.44                | 20.65                |
|                                                                          | 53.41                | 26.97                |
| <b>9% Optionally Convertible Cumulative Redeemable Preference Shares</b> | 298.62               | 1,484.31             |
|                                                                          | 298.62               | 1,484.31             |
|                                                                          | 5,383.06             | 6,098.75             |

## Rights, preferences and restrictions attached to Preference Shares:

The Company has one class of Optionally Convertible Cumulative Redeemable Preference Shares having a par value of ₹ 10 fully paid up per share. The preference shares do not carry voting rights, but carry right to a preference dividend at 9% p.a. effective October 2008. The preference shares are redeemable in 4 annual instalments from September 30, 2015. Preference shares are convertible, as per the terms of issue, at a price to be computed as per SEBI guidelines.

## Reconciliation of the number of preference shares and amount outstanding at the beginning and at the end of the financial year:

| Particulars                                          | As at March 31, 2018 |            | As at March 31, 2017 |          | As at April 1, 2016 |          |
|------------------------------------------------------|----------------------|------------|----------------------|----------|---------------------|----------|
|                                                      | Number of shares     | Amount     | Number of shares     | Amount   | Number of shares    | Amount   |
| As at the beginning of the financial year            | 1,48,43,060          | 1,484.31   | 1,66,65,830          | 1,666.58 |                     |          |
| Add: Issued / (redeemed/surrendered) during the year | (1,18,56,795)        | (1,185.68) | (18,22,770)          | (182.27) |                     |          |
| As at the end of the financial year                  | 29,86,265            | 298.63     | 1,48,43,060          | 1,484.31 | 1,66,65,830         | 1,666.58 |

## Details of Preference Shareholding more than 5% in the Company on reporting date:

(₹ in lakhs)

| Class of Shares / Name of shareholder | As at March 31, 2018 |                            | As at March 31, 2017 |                            | As at April 1, 2016 |                            |
|---------------------------------------|----------------------|----------------------------|----------------------|----------------------------|---------------------|----------------------------|
|                                       | Number of shares     | % holding in that class of | Number of shares     | % holding in that class of | Number of shares    | % holding in that class of |
| Union Bank of India                   | 12,81,590            | 42.92                      | 51,26,360            | 34.54                      | 51,26,360           | 30.76                      |
| EXIM Bank                             | 12,49,675            | 41.85                      | 49,98,700            | 33.68                      | 49,98,700           | 29.99                      |
| Sandeep Bajaj                         | 4,55,000             | 15.24                      | -                    | -                          | -                   | -                          |
| Kotak Mahindra Bank Ltd.              | -                    | -                          | 42,63,000            | 28.72                      | 42,63,000           | 25.58                      |
| Corporation Bank                      | -                    | -                          | -                    | -                          | 18,22,770           | 10.94                      |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | As at<br>March<br>31, 2018 | As at<br>March<br>31, 2017 | As at<br>April<br>1, 2016 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>15 Non-Current Financial Liabilities -Borrowings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                            |                            |                           |
| <b>Secured Loans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                            |                            |                           |
| Term Loans from Banks/Institutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3,380.49                   | 2,947.35                   | 4,152.87                  |
| Loan from Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 95.56                      | 50.56                      | 50.56                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>3,476.05</b>            | <b>2,997.91</b>            | <b>4,203.43</b>           |
| <b>15.1</b> Term Loans from banks/institutions of ₹3,467.91 are secured by first pari passu charge over fixed assets of the Company both present & future with other term lenders, except certain machinery under exclusive charge to Landes Bank Baden Wurttemberg, and is further secured by second charge over current assets of the Company, by personal guarantee of Chairman of the Company, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group firms.              |                            |                            |                           |
| Out of these loan, i) ₹1,035.00 is repayable quarterly instalments ending March 2020 and carries no interest; ii) ₹65.53 is repayable in quarterly instalments ending September 2018 and carries interest @13.05% p.a. presently; iii) ₹620.00 is repayable in monthly instalments ending February 2021 and carries interest @13% p.a.; iv) ₹1,747.38 is repayable in monthly instalments ending July 2022 and carries interest @13% p.a.                                                                                                          |                            |                            |                           |
| <b>15.2</b> Term Loans from bank of ₹1,045.70 are secured by first pari passu charge over all fixed assets and current assets of the Company both present & future with other term lenders, except certain machinery under exclusive charge to Landes Bank Baden Wurttemberg, and by personal guarantee of the Chairman of the Company. The loan is further secured by pledge of company's certain shares by promoter and promoter group firms. This loan is repayable in monthly instalments ending September 2019 and carries interest @13% p.a. |                            |                            |                           |
| <b>15.3</b> Term Loans from bank of ₹273.50 of Foreign Currency Term Loan is secured by exclusive charge on certain imported machineries. This loan is repayable in half yearly instalments ending September 2018 and presently carries interest @0.50% p.a.                                                                                                                                                                                                                                                                                       |                            |                            |                           |
| <b>15.4</b> Term Loan from Banks of ₹34.54 are secured by hypothecation of respective vehicles.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |                            |                           |
| <b>15.5</b> Term Loan from others of ₹95.56 is secured by assignment of Keyman Insurance Policy and carries interest @10%.                                                                                                                                                                                                                                                                                                                                                                                                                         |                            |                            |                           |
| <b>16 Long Term Provisions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                            |                            |                           |
| Provision for Employee Benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 354.09                     | 339.46                     | 296.98                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>354.09</b>              | <b>339.46</b>              | <b>296.98</b>             |
| <b>17 Current Financial Liabilities -Borrowings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |                            |                           |
| <b>Secured</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                            |                            |                           |
| <b>Loans Repayable on Demand</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                            |                            |                           |
| Cash Credit from Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,511.32                   | 1,480.59                   | 950.03                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1,511.32</b>            | <b>1,480.59</b>            | <b>950.03</b>             |
| <b>Unsecured</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                            |                            |                           |
| <b>Short Term Loans Repayable on Demand</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                            |                            |                           |
| Inter Corporate Deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                          | 233.75                     | 196.14                    |
| <b>Loans From Related Party</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |                            |                           |
| From Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 77.95                      | 15.00                      | -                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>77.95</b>               | <b>248.75</b>              | <b>196.14</b>             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1,589.27</b>            | <b>1,729.34</b>            | <b>1,146.17</b>           |

- 17.1** Cash Credit Loans are secured by first pari passu charge by hypothecation of stocks, book debts and second charge on all fixed assets, both present and future and further secured by corporate guarantee of Hakoba Lifestyle Limited, a subsidiary of the Company and Pioneer E-com Fashions LLP, a promoter group firm, and personal guarantee of the Chairman of the Company.


**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                          | As at<br>March<br>31, 2018                                                                                                                                                                                                            | As at<br>March<br>31, 2017 | As at<br>April<br>1, 2016 |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------|
| <b>18 Trade Payables</b>                             |                                                                                                                                                                                                                                       |                            |                           |
| For Goods and Services                               | 3,016.25                                                                                                                                                                                                                              | 2,944.17                   | 2,343.10                  |
|                                                      | <u>3,016.25</u>                                                                                                                                                                                                                       | <u>2,944.17</u>            | <u>2,343.10</u>           |
| <b>18.1</b>                                          | Trade Payables include outstanding to a related enterprise of ₹7.39 (₹24.93 ).                                                                                                                                                        |                            |                           |
| <b>18.2</b>                                          | The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the necessary disclosure required under MSME Act, 2006 can not be made. |                            |                           |
| <b>19 Other Current Liabilities</b>                  |                                                                                                                                                                                                                                       |                            |                           |
| Current maturities of Long Term Debt (Refer note 15) | 1,310.64                                                                                                                                                                                                                              | 1,658.51                   | 1,690.93                  |
| Interest accrued                                     | 30.35                                                                                                                                                                                                                                 | 60.57                      | 349.45                    |
| Capital Creditors                                    | 95.21                                                                                                                                                                                                                                 | 165.58                     | 77.68                     |
| Employees Emoluments                                 | 516.41                                                                                                                                                                                                                                | 451.02                     | 376.38                    |
| Statutory Dues                                       | 41.58                                                                                                                                                                                                                                 | 35.67                      | 27.96                     |
| Others                                               | 73.25                                                                                                                                                                                                                                 | 71.71                      | 50.93                     |
|                                                      | <u>2,067.44</u>                                                                                                                                                                                                                       | <u>2,443.06</u>            | <u>2,573.33</u>           |
| <b>20 Short Term Provisions</b>                      |                                                                                                                                                                                                                                       |                            |                           |
| Provision For Employee Benefits                      | 10.14                                                                                                                                                                                                                                 | 15.19                      | 20.31                     |
|                                                      | <u>10.14</u>                                                                                                                                                                                                                          | <u>15.19</u>               | <u>20.31</u>              |
| <b>21 Other Current Liabilities</b>                  |                                                                                                                                                                                                                                       |                            |                           |
| Advance from Customers                               | 424.48                                                                                                                                                                                                                                | 342.99                     | 422.39                    |
|                                                      | <u>424.48</u>                                                                                                                                                                                                                         | <u>342.99</u>              | <u>422.39</u>             |

**21.1** Advance from customers includes advance received from related enterprise of ₹130.27 (₹15.58 ) and subsidiaries of ₹ Nil (₹13.53)

(₹ in lakh)

| Particulars                                                   | For the year ended<br>March 31 2018                                                                 | For the year ended<br>March 31 2017 |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>22 Revenue From Operations</b>                             |                                                                                                     |                                     |
| <b>Sale of Products - Yarn, Embroidery Fabric &amp; Laces</b> |                                                                                                     |                                     |
| Domestic Sales                                                | 21,513.69                                                                                           | 19,817.39                           |
| Export Sales                                                  | 4,607.76                                                                                            | 3,525.43                            |
| Other Operating Revenue (Including Export Incentives)         | 135.13                                                                                              | 223.86                              |
|                                                               | <u>26,256.58</u>                                                                                    | <u>23,566.68</u>                    |
| <b>22.1</b>                                                   | Sales include sales made to related enterprises ₹786.56 (₹576.13) and subsidiaries ₹45.75 ( ₹ Nil). |                                     |
| <b>23 Other Income</b>                                        |                                                                                                     |                                     |
| Interest from Others                                          | 33.08                                                                                               | 24.94                               |
| Profit on Fixed Assets sold (Net)                             | 69.82                                                                                               | 112.46                              |
| Liabilities/Provisions no longer required written back        | -                                                                                                   | 28.34                               |
| Reversal of Provision for Allowance of Credit Losses          | 15.49                                                                                               | -                                   |
| Gain on Exchange Rate Difference (Net)                        | 55.21                                                                                               | -                                   |
| Others                                                        | 59.06                                                                                               | 54.97                               |
|                                                               | <u>232.66</u>                                                                                       | <u>220.71</u>                       |



# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                                                             | For the year ended<br>March 31 2018 | For the year ended<br>March 31 2017 |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>24 Cost Of Material Consumed</b>                                                                                     |                                     |                                     |
| Cost of Raw Material Consumed                                                                                           |                                     |                                     |
| Opening Stock *                                                                                                         | 1,038.60                            | 726.06                              |
| Purchases during the year                                                                                               | 14,633.16                           | 13,760.80                           |
|                                                                                                                         | 15,671.76                           | 14,486.86                           |
| Less:- Closing Stock                                                                                                    | 553.67                              | 1,038.60                            |
|                                                                                                                         | <b>15,118.09</b>                    | <b>13,448.26</b>                    |
| *Net of cenvat credit taken on Excise Duty became applicable on product at Kala-amb unit (DDPY) w.e.f. April 10, 2017 . |                                     |                                     |
| <b>24.1 Purchases includes from related enterprises ₹ 91.65(₹66.53) and associate ₹9.58 (₹0.89).</b>                    |                                     |                                     |
| <b>25 Change In Inventories</b>                                                                                         |                                     |                                     |
| Opening Inventories                                                                                                     |                                     |                                     |
| Work-in-Progress *                                                                                                      | 566.77                              | 570.46                              |
| Finished Goods *                                                                                                        | 2,048.86                            | 1,492.19                            |
|                                                                                                                         | <b>2,615.63</b>                     | <b>2,062.65</b>                     |
| Less: Closing Inventories                                                                                               |                                     |                                     |
| Work-in-Progress                                                                                                        | 583.84                              | 593.80                              |
| Finished Goods                                                                                                          | 1,843.69                            | 2,133.96                            |
|                                                                                                                         | 2,427.53                            | 2,727.76                            |
|                                                                                                                         | <b>188.10</b>                       | <b>(665.11)</b>                     |
| *Net of cenvat credit taken on Excise Duty become applicable on product at Kala-amb unit (DDPY) w.e.f. April 10, 2017 . |                                     |                                     |
| <b>26 Employee Benefits Expense</b>                                                                                     |                                     |                                     |
| Salaries, Wages and Incentives                                                                                          | 3,158.57                            | 3,069.37                            |
| Contribution to Funds                                                                                                   | 127.92                              | 100.64                              |
| Staff Welfare Expenses                                                                                                  | 98.41                               | 110.08                              |
|                                                                                                                         | <b>3,384.90</b>                     | <b>3,280.09</b>                     |
| <b>27 Finance Cost</b>                                                                                                  |                                     |                                     |
| Interest expense                                                                                                        | 682.38                              | 904.29                              |
| Other Borrowing Costs                                                                                                   | 43.81                               | 46.08                               |
| Fair value changes of interest free loans                                                                               | 176.68                              | 138.93                              |
| Net Gain/Loss on Foreign Currency Transactions and Translation<br>(Considered as finance costs)                         | 38.97                               | (26.09)                             |
|                                                                                                                         | <b>941.84</b>                       | <b>1,063.21</b>                     |




**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                         | For the year ended<br>March 31 2018 | For the year ended<br>March 31 2017 |                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| <b>28 Other Expenses</b>                                                                                                                                                                                                                                                                                                            |                                     |                                     |                                    |
| Stores & Spares Consumed                                                                                                                                                                                                                                                                                                            | 481.77                              |                                     | 363.48                             |
| Repair & Maintenance                                                                                                                                                                                                                                                                                                                | 130.93                              |                                     | 193.11                             |
| Power & Fuel                                                                                                                                                                                                                                                                                                                        | 2,128.23                            |                                     | 1,965.50                           |
| Insurance                                                                                                                                                                                                                                                                                                                           | 22.05                               |                                     | 23.94                              |
| Job Charges                                                                                                                                                                                                                                                                                                                         | 209.83                              |                                     | 167.95                             |
| Legal & Professional Fees                                                                                                                                                                                                                                                                                                           | 130.74                              |                                     | 144.95                             |
| Packing Material Consumed                                                                                                                                                                                                                                                                                                           | 1,212.89                            |                                     | 947.77                             |
| Payment to Auditors*                                                                                                                                                                                                                                                                                                                | 13.57                               |                                     | 13.23                              |
| Rates & Taxes                                                                                                                                                                                                                                                                                                                       | 28.23                               |                                     | 45.12                              |
| Rent                                                                                                                                                                                                                                                                                                                                | 60.15                               |                                     | 63.41                              |
| Provision for Allowance of Credit Losses                                                                                                                                                                                                                                                                                            | -                                   |                                     | 33.22                              |
| Gain on Exchange Rate Difference (Net)                                                                                                                                                                                                                                                                                              | -                                   |                                     | 9.37                               |
| Directors Sitting Fees                                                                                                                                                                                                                                                                                                              | 1.93                                |                                     | 2.58                               |
| Donations                                                                                                                                                                                                                                                                                                                           | 0.16                                |                                     | 0.06                               |
| Excise Duty on Sales                                                                                                                                                                                                                                                                                                                | 522.61                              |                                     | -                                  |
| Expenditure towards CSR activities                                                                                                                                                                                                                                                                                                  | -                                   |                                     | 7.35                               |
| Selling Expenses                                                                                                                                                                                                                                                                                                                    | 859.99                              |                                     | 802.09                             |
| Miscellaneous Expenses                                                                                                                                                                                                                                                                                                              | 438.80                              |                                     | 525.58                             |
|                                                                                                                                                                                                                                                                                                                                     | <b>6,241.88</b>                     |                                     | <b>5,308.71</b>                    |
|                                                                                                                                                                                                                                                                                                                                     |                                     |                                     |                                    |
| * Details of payment to Auditors                                                                                                                                                                                                                                                                                                    |                                     |                                     |                                    |
| a) Statutory & Tax Audit                                                                                                                                                                                                                                                                                                            | 13.57                               |                                     | 13.23                              |
| b) for Taxation Matter                                                                                                                                                                                                                                                                                                              | -                                   |                                     | -                                  |
| c) for Other Services                                                                                                                                                                                                                                                                                                               | -                                   |                                     | -                                  |
|                                                                                                                                                                                                                                                                                                                                     | <b>13.57</b>                        |                                     | <b>13.23</b>                       |
|                                                                                                                                                                                                                                                                                                                                     |                                     |                                     |                                    |
| <b>Particulars</b>                                                                                                                                                                                                                                                                                                                  | <b>As at<br/>31, March<br/>2018</b> | <b>As at<br/>31, March<br/>2017</b> | <b>As at<br/>1, April<br/>2016</b> |
| <b>29 Contingent liabilities, contingent assets and commitments</b>                                                                                                                                                                                                                                                                 |                                     |                                     |                                    |
| <b>A. Contingent liabilities (not provided for) in respect of:</b>                                                                                                                                                                                                                                                                  |                                     |                                     |                                    |
| 1 Bank Guarantees Outstanding.                                                                                                                                                                                                                                                                                                      | 112.80                              | 77.24                               | 77.24                              |
| 2 Demand for Excise duty, being contested by the Company                                                                                                                                                                                                                                                                            | 33.58                               | 33.58                               | 46.14                              |
| 3 Demand for Income Tax, being contested by the Company                                                                                                                                                                                                                                                                             | 62.34                               | 62.34                               | 62.34                              |
| 4 Demand for Service Tax, being contested by the Company                                                                                                                                                                                                                                                                            | 123.85                              | 123.85                              | 128.08                             |
| 5 Sundry Cases in Labour Court and Industrial Court (Silvassa unit)                                                                                                                                                                                                                                                                 | 366.61                              | N A*                                | N A*                               |
| 6 Sundry Cases in Labour Court and Industrial Court (Sarigam unit, Gujarat)<br>(quantum is not ascertainable)                                                                                                                                                                                                                       | N A*                                | N A*                                | N A*                               |
| 7 Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares                                                                                                                                                                                                                                              | 255.33                              | 1,135.49                            | 1,124.94                           |
| 8 Custom Duty on Capital Goods and Raw Materials imported under Advance License /<br>EPCG Scheme, against which export obligation is to be fulfilled.                                                                                                                                                                               | 7.91                                | 563.47                              | 72.72                              |
|                                                                                                                                                                                                                                                                                                                                     |                                     |                                     |                                    |
| There is no contingent liability other than stated above and adequate provision have been made for all known liabilities, except interest and penalties as may arise. The management believes that the Company has a strong chance of favourable decision in above cases, hence no further provision has been considered necessary. |                                     |                                     |                                    |
| <b>B. Commitments</b>                                                                                                                                                                                                                                                                                                               |                                     |                                     |                                    |
| Estimated amount of Contracts remaining to be executed on Capital Account<br>[Net of Advances]                                                                                                                                                                                                                                      | 86.47                               | 167.34                              | 834.55                             |

There is no contingent liability other than stated above and adequate provision have been made for all known liabilities, except interest and penalties as may arise. The management believes that the Company has a strong chance of favourable decision in above cases, hence no further provision has been considered necessary.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                | As at<br>31, March<br>2018 | As at<br>31, March<br>2017 | As at<br>1, April<br>2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>30 Leases</b>                                                                                                                                                                                                                                                                                                                           |                            |                            |                           |
| <b>Operating lease</b>                                                                                                                                                                                                                                                                                                                     |                            |                            |                           |
| The Company's significant leasing arrangements are in respect of operating leases of premises for office and warehouse. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to ₹60.15 (₹63.41). |                            |                            |                           |
| <b>31 Foreign exchange derivatives and exposures outstanding at the year-end:</b>                                                                                                                                                                                                                                                          |                            |                            |                           |
| (a) Foreign Currency exposure not hedged by derivative instrument or otherwise :                                                                                                                                                                                                                                                           |                            |                            |                           |
| i. Receivable                                                                                                                                                                                                                                                                                                                              | 713.50                     | 564.04                     | 1,257.67                  |
| ii. Payable                                                                                                                                                                                                                                                                                                                                | 343.05                     | 304.13                     | 531.79                    |
| (b) Outstanding forward contracts to be hedge foreign currency exposure :                                                                                                                                                                                                                                                                  | -                          | -                          | -                         |

### 32 Defined Contribution Plans:

- (i) The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund ₹86.50 ( ₹96.88).

#### (ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the Group Gratuity-cum-life Assurance Cash Accumulation Policy administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| Particulars                             | March 31,<br>2018 | March 31,<br>2017 | April 1 ,<br>2016 |
|-----------------------------------------|-------------------|-------------------|-------------------|
| Net defined benefit liability / (asset) | 298.40            | 285.08            | 254.79            |
| <b>Liability for Gratuity</b>           |                   |                   |                   |
| Non-current                             | 10.14             | 15.19             | 20.31             |
| Current                                 | 288.26            | 269.89            | 234.48            |



# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

## B. Movement in net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

| Particulars                           | March 31, 2018             |                           |                                        | March 31, 2017             |                           |                                        |
|---------------------------------------|----------------------------|---------------------------|----------------------------------------|----------------------------|---------------------------|----------------------------------------|
|                                       | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
| Balance as at 1 April                 | 285.08                     | -                         | 285.08                                 | 254.79                     | -                         | 254.79                                 |
| Included in profit or loss            |                            |                           |                                        |                            |                           |                                        |
| Service costs                         | 51.49                      | -                         | 51.49                                  | 45.14                      | -                         | 45.14                                  |
| Interest cost / (income)              | 19.92                      | -                         | 19.92                                  | 19.82                      | -                         | 19.82                                  |
|                                       | 71.41                      | -                         | 71.41                                  | 64.96                      | -                         | 64.96                                  |
| Included in OCI                       |                            |                           |                                        |                            |                           |                                        |
| Actuarial loss / (gain) arising from: |                            |                           |                                        |                            |                           |                                        |
| - demographic assumptions             | -                          | -                         | -                                      | (1.70)                     | -                         | (1.70)                                 |
| - financial assumptions               | (11.94)                    |                           | (11.94)                                | 24.59                      |                           | 24.59                                  |
| - experience adjustment               | (14.49)                    |                           | (14.49)                                | (43.54)                    |                           | (43.54)                                |
|                                       | (26.43)                    | -                         | (26.43)                                | (20.65)                    | -                         | (20.65)                                |
| Other                                 |                            |                           |                                        |                            |                           |                                        |
| Contributions paid by the employer    |                            |                           |                                        |                            |                           |                                        |
| Benefits paid                         | (31.66)                    |                           | (31.66)                                | (14.02)                    |                           | (14.02)                                |
|                                       | (31.66)                    | -                         | (31.66)                                | (14.02)                    | -                         | (14.02)                                |
| Balance as at 31 March                | 298.40                     | -                         | 298.40                                 | 285.08                     | -                         | 285.08                                 |

| Particulars                                                                                                    | March 31, 2018 | March 31, 2017 | April 1, 2016            |
|----------------------------------------------------------------------------------------------------------------|----------------|----------------|--------------------------|
| <b>C. Plan assets</b>                                                                                          |                |                |                          |
| The Company has no plan assets.                                                                                |                |                |                          |
| <b>D. Actuarial assumptions</b>                                                                                |                |                |                          |
| The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages). |                |                |                          |
| Discount rate                                                                                                  | 7.67%          | 7.40%          | 7.40%                    |
| Expected rate of future salary increase                                                                        | 7.50%          | 7.50%          | 7.50%                    |
| Mortality                                                                                                      |                |                | 100% of IALM (2006 - 08) |
| Assumptions regarding future mortality have been based on published statistics and mortality tables.           |                |                |                          |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Particulars                                           | March 31, 2018 |          | March 31, 2017 |          |
|-------------------------------------------------------|----------------|----------|----------------|----------|
|                                                       | Increase       | Decrease | Increase       | Decrease |
| Discount rate (1% movement)                           | (259.46)       | 346.19   | (248.38)       | 330.02   |
| Expected rate of future salary increase (1% movement) | 344.38         | (260.12) | 329.52         | (248.10) |

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

- A) Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.
- B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- C) Mortality & disability - Actual deaths & disability cases proving lower or higher than assumption in the valuation can impact the liabilities.

## 33 Related parties

### A. Related parties and their relationships

#### i Key Managerial Personnel (KMP) and their relatives

Mr. Raj Kumar Sekhani (Chairman)  
Mr. Harsh Vardhan Bassi (Managing Director)  
Mr. Gangadharan Kandam Rama Panicke (Executive Director)  
Mr. Joginder Kumar Baweja (Independent Director)  
Mr. Gopalkrishnan Sivaraman (Independent Director)  
Mrs. Sujata Chakravarthy (Independent Director)  
Mrs. Bimla Devi Sekhani  
Mr. Aarav Sekhani  
Mr. Vishal Sekhani  
Mr. Ratanlal Sekhani  
Mrs. Prachi Sekhani

#### ii. Enterprises having significant influence by KMP & their Relatives

M/s J J Sons  
M/s J J Enterprises  
Kiran Industries Pvt. Ltd.  
Thakurdas & Co. Pvt. Ltd.  
Kiran Texpro Pvt. Ltd.

#### iii. Subsidiaries

Hakoba Lifestyle Ltd.  
Pioneer Realty Ltd.  
Mas Embroideries LLP (formerly known as Mas Embroideries Pvt. Ltd.)  
Crystal Lace (I) Ltd.

#### iv. Associate Concerns

Pioneer E-Com Fashions LLP (formerly known as Pioneer E-Com Fashions Ltd.)  
Reach Industries Pvt. Ltd.



**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

|                                                                              | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>B Transactions with the above in the ordinary course of business</b>      |                                      |                                      |
| <b>Sales</b>                                                                 |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | 18.73                                | 27.35                                |
| M/s J J Enterprises                                                          | 19.94                                | 62.12                                |
| Kiran Industries Pvt. Ltd.                                                   | 735.16                               | 482.51                               |
| Thakurdas & Co. Pvt. Ltd.                                                    | 3.88                                 | 1.18                                 |
| Kiran Texpro Pvt. Ltd.                                                       | 13.63                                | 2.97                                 |
|                                                                              | <b>791.34</b>                        | <b>576.13</b>                        |
| <b>Subsidiaries</b>                                                          |                                      |                                      |
| Crystal Lace (I) Ltd.                                                        | 45.75                                | -                                    |
| <b>Purchases</b>                                                             |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | -                                    | 1.50                                 |
| M/s J J Enterprises                                                          | 1.52                                 | 2.33                                 |
| Kiran Industries Pvt. Ltd.                                                   | 80.22                                | 38.33                                |
| Kiran Texpro Pvt. Ltd.                                                       | 7.69                                 | 23.37                                |
|                                                                              | <b>89.43</b>                         | <b>65.53</b>                         |
| <b>Subsidiaries</b>                                                          |                                      |                                      |
| Crystal Lace (I) Ltd.                                                        | 9.58                                 | 0.89                                 |
| <b>Payment for Rent &amp; Other Services</b>                                 |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| Kiran Industries Pvt. Ltd.                                                   | 9.34                                 | 4.80                                 |
| <b>Employee Benefit Expense</b>                                              |                                      |                                      |
| Key Managerial Personnel (KMP) and their relatives                           | 222.57                               | 198.14                               |
| <b>Loans &amp; Advances Given</b>                                            |                                      |                                      |
| <b>Subsidiaries</b>                                                          |                                      |                                      |
| Hakoba Lifestyle Ltd.                                                        | 14.06                                | 238.65                               |
| Pioneer Realty Ltd.                                                          | 0.02                                 | 0.11                                 |
|                                                                              | <b>14.08</b>                         | <b>238.76</b>                        |
| <b>Loans &amp; Advances taken/recovered</b>                                  |                                      |                                      |
| <b>Associates Concerns</b>                                                   |                                      |                                      |
| Pioneer E-Com Fashions LLP                                                   | -                                    | 1,032.75                             |
| <b>Key Managerial Personnel (KMP) and their Relatives</b>                    |                                      |                                      |
| Mr. Raj Kumar Sekhani (Chairman)                                             | 1.00                                 | 15.00                                |
| Mr. Harsh Vardhan Bassi (Managing Director)                                  | 61.95                                | -                                    |
|                                                                              | <b>62.95</b>                         | <b>15.00</b>                         |
| <b>Directors Sitting Fees</b>                                                |                                      |                                      |
| Mr. Joginder Kumar Baweja (Independent Director)                             | 0.80                                 | 1.00                                 |
| Mr. Gopalkrishnan Sivaraman (Independent Director)                           | 0.80                                 | 1.00                                 |
| Mrs. Sujata Chakravarthy (Independent Director)                              | 0.33                                 | 0.30                                 |
|                                                                              | <b>1.93</b>                          | <b>2.30</b>                          |
| <b>Guarantee Taken</b>                                                       |                                      |                                      |
| <b>Key Managerial Personnel (KMP) and their Relatives</b>                    |                                      |                                      |
| Mrs. Bimla Devi Sekhani                                                      | 1,500.00                             | 500.00                               |
| <b>Associates Concerns</b>                                                   |                                      |                                      |
| Pioneer E-Com Fashions LLP                                                   | 1,500.00                             | 500.00                               |



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

|                                                                              | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>C. Outstanding balance at the year end</b>                                |                                      |                                      |
| <b>Loans &amp; Advances Given</b>                                            |                                      |                                      |
| Subsidiaries                                                                 |                                      |                                      |
| Hakoba Lifestyle Ltd.                                                        | 252.88                               | 238.82                               |
| Pioneer Realty Ltd.                                                          | 2.21                                 | 2.19                                 |
|                                                                              | <b>255.09</b>                        | <b>241.01</b>                        |
| <b>Loans &amp; Advances taken</b>                                            |                                      |                                      |
| <b>Key Managerial Personnel (KMP) and their relatives</b>                    |                                      |                                      |
| Mr. Raj Kumar Sekhani (Chairman)                                             | 16.00                                | 15.00                                |
| Mr. Harsh Vardhan Bassi (Managing Director)                                  | 61.95                                | -                                    |
|                                                                              | <b>77.95</b>                         | <b>15.00</b>                         |
| <b>Trade Payables &amp; Other Liabilities</b>                                |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | -                                    | 15.58                                |
| M/s J J Enterprises                                                          | 0.51                                 | 4.22                                 |
| Kiran Industries Pvt. Ltd.                                                   | 134.98                               | -                                    |
| Kiran Texpro Pvt. Ltd.                                                       | 2.16                                 | 20.71                                |
|                                                                              | <b>137.65</b>                        | <b>40.51</b>                         |
| <b>Subsidiaries</b>                                                          |                                      |                                      |
| Crystal Lace (I) Ltd.                                                        | -                                    | 13.54                                |
| <b>Receivables</b>                                                           |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | 6.65                                 | -                                    |
| M/s J J Enterprises                                                          | 43.85                                | 40.64                                |
| Kiran Industries Pvt. Ltd.                                                   | -                                    | 33.39                                |
| Thakurdas & Co. Pvt. Ltd.                                                    | 6.16                                 | 2.48                                 |
|                                                                              | <b>56.66</b>                         | <b>76.51</b>                         |
| <b>Subsidiaries</b>                                                          |                                      |                                      |
| Crystal Lace (I) Ltd.                                                        | 2.17                                 | -                                    |
| <b>Associate Concerns</b>                                                    |                                      |                                      |
| Reach Industries Pvt. Ltd.                                                   | 8.46                                 | 15.87                                |



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### 34 Financial instruments

#### I. Fair value measurements

##### A. Financial instruments by category

|                                     | As at March 31, 2018 |                  | As at March 31, 2017 |                  | As at April 1, 2016 |                  |
|-------------------------------------|----------------------|------------------|----------------------|------------------|---------------------|------------------|
|                                     | FVTPL                | Amortised Cost   | FVTPL                | Amortised Cost   | FVTPL               | Amortised Cost   |
| <b>Financial assets</b>             |                      |                  |                      |                  |                     |                  |
| Investments                         | 0.01                 | -                | 0.01                 | -                | 0.01                | -                |
| Trade receivables                   | -                    | 2,500.80         | -                    | 2,158.20         | -                   | 2,333.28         |
| Cash and cash equivalents           | -                    | 139.54           | -                    | 129.83           | -                   | 153.23           |
| Others                              |                      |                  |                      |                  |                     |                  |
| Non Current                         | -                    | 240.18           | -                    | 212.33           | -                   | 216.58           |
| Current                             | -                    | 1,304.40         | -                    | 1,278.14         | -                   | 2,327.84         |
|                                     | <b>0.01</b>          | <b>4,184.92</b>  | <b>0.01</b>          | <b>3,778.50</b>  | <b>0.01</b>         | <b>5,030.93</b>  |
| <b>Financial liabilities</b>        |                      |                  |                      |                  |                     |                  |
| Long Term Borrowings                | -                    | 3,476.05         | -                    | 2,997.91         | -                   | 4,203.43         |
| Short terms borrowings              | -                    | 1,589.27         | -                    | 1,729.34         | -                   | 1,146.17         |
| Trade payables                      | -                    | 3,016.25         | -                    | 2,944.17         | -                   | 2,343.10         |
| Other current financial liabilities | -                    | 2,067.44         | -                    | 2,443.06         | -                   | 2,573.33         |
|                                     | <b>-</b>             | <b>10,149.01</b> | <b>-</b>             | <b>10,114.48</b> | <b>-</b>            | <b>10,266.03</b> |

#### B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

|                              | As at March 31, 2018 |          |          |             |
|------------------------------|----------------------|----------|----------|-------------|
|                              | Level 1              | Level 2  | Level 3  | Total       |
| <b>Financial assets</b>      | 0.01                 | -        | -        | 0.01        |
| <b>Financial liabilities</b> | -                    | -        | -        | -           |
|                              | <b>0.01</b>          | <b>-</b> | <b>-</b> | <b>0.01</b> |

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### C. Fair value of financial assets and liabilities measured at amortised cost

|                                     | As at March 31, 2018 |                  | As at March 31, 2017 |                  | As at April 1, 2016 |                  |
|-------------------------------------|----------------------|------------------|----------------------|------------------|---------------------|------------------|
|                                     | Carrying Amount      | Fair Value       | Carrying Amount      | Fair Value       | Carrying Amount     | Fair Value       |
| <b>Financial assets</b>             |                      |                  |                      |                  |                     |                  |
| Trade receivables                   | -                    | 2,500.80         | -                    | 2,158.20         | -                   | 2,333.28         |
| Cash and cash equivalents           | -                    | 139.54           | -                    | 129.83           | -                   | 153.23           |
| Others                              |                      |                  |                      |                  |                     |                  |
| Non Current                         | -                    | 240.18           | -                    | 212.33           | -                   | 216.58           |
| Current                             | -                    | 1,304.40         | -                    | 1,278.14         | -                   | 2,327.84         |
|                                     | -                    | <b>4,184.92</b>  | -                    | <b>3,778.50</b>  | -                   | <b>5,030.93</b>  |
| <b>Financial liabilities</b>        |                      |                  |                      |                  |                     |                  |
| Long Term Borrowings                | -                    | 3,476.05         | -                    | 2,997.91         | -                   | 4,203.43         |
| Short terms borrowings              | -                    | 1,589.27         | -                    | 1,729.34         | -                   | 1,146.17         |
| Trade payables                      | -                    | 3,016.25         | -                    | 2,944.17         | -                   | 2,343.10         |
| Other current financial liabilities | -                    | 2,067.44         | -                    | 2,443.06         | -                   | 2,573.33         |
|                                     | -                    | <b>10,149.01</b> | -                    | <b>10,114.48</b> | -                   | <b>10,266.03</b> |

The carrying amounts of the abovementioned financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

### II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the President of the Company. More than 60 % of the Company's customers have been transacting with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The carrying amount net of credit loss allowances of trade receivables is ₹2,500.80 (March 31, 2017- ₹2158.20, April 1, 2016- ₹2,333.29).

### Ageing of trade receivables are as under:

| Particulars          | Less than 6 months | 6-12 months | More than 12 months | Total    |
|----------------------|--------------------|-------------|---------------------|----------|
| As at March 31, 2018 | 2,214.95           | 104.71      | 328.97              | 2,648.63 |
| As at March 31, 2017 | 1,983.74           | 159.54      | 178.24              | 2,321.52 |
| As at April 1, 2016  | 2,221.44           | 122.85      | 119.09              | 2,463.38 |

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

### Reconciliation of loss allowance provision - Trade receivables:

|                           | 31, March<br>2018 | 31, March<br>2017 | 1 April,<br>2016 |
|---------------------------|-------------------|-------------------|------------------|
| Opening balance           | (955.03)          | (916.81)          | -                |
| Changes in loss allowance | 15.49             | (33.22)           | (916.81)         |
| Closing balance           | (934.54)          | (950.03)          | (916.81)         |

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through caproate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### (a) Financing arrangements

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### (b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

| Particulars                                 | Carrying Amounts<br>March 31,<br>2018 | Contractual cash flows |                 |                 |               |                   |
|---------------------------------------------|---------------------------------------|------------------------|-----------------|-----------------|---------------|-------------------|
|                                             |                                       | Total                  | 0- 1 Year       | 1-3 years       | 3-5 years     | More than 5 years |
| <b>Non-derivative financial liabilities</b> |                                       |                        |                 |                 |               |                   |
| Borrowings                                  | 4,786.69                              | 4,786.69               | 1,310.64        | 2,691.40        | 784.65        | -                 |
| Short term borrowings                       | 1,589.27                              | 1,589.27               | 1,589.27        | -               | -             | -                 |
| Trade payables                              | 3,016.25                              | 3,016.25               | 3,016.25        | -               | -             | -                 |
| Other current financial liabilities         | 756.80                                | 756.80                 | 756.80          | -               | -             | -                 |
| <b>Total non-derivative liabilities</b>     | <b>10,149.01</b>                      | <b>10,149.01</b>       | <b>6,672.96</b> | <b>2,691.40</b> | <b>784.65</b> | <b>-</b>          |

| Particulars                                 | Carrying Amounts<br>March 31,<br>2017 | Contractual cash flows |                 |                 |               |                   |
|---------------------------------------------|---------------------------------------|------------------------|-----------------|-----------------|---------------|-------------------|
|                                             |                                       | Total                  | 0- 1 Year       | 1-3 years       | 3-5 years     | More than 5 years |
| <b>Non-derivative financial liabilities</b> |                                       |                        |                 |                 |               |                   |
| Borrowings                                  | 4,243.86                              | 4,243.86               | 1,245.95        | 2,772.10        | 225.81        | -                 |
| Short term borrowings                       | 1,729.34                              | 1,729.34               | 1,729.34        | -               | -             | -                 |
| Trade payables                              | 2,944.17                              | 2,944.17               | 2,944.17        | -               | -             | -                 |
| Other current financial liabilities         | 1,197.11                              | 1,197.11               | 1,197.11        | -               | -             | -                 |
| <b>Total non-derivative liabilities</b>     | <b>10,114.48</b>                      | <b>10,114.48</b>       | <b>7,116.57</b> | <b>2,772.10</b> | <b>225.81</b> | <b>-</b>          |

| Particulars                                 | Carrying Amounts<br>March 31,<br>2016 | Contractual cash flows |                 |                 |                 |                   |
|---------------------------------------------|---------------------------------------|------------------------|-----------------|-----------------|-----------------|-------------------|
|                                             |                                       | Total                  | 0- 1 Year       | 1-3 years       | 3-5 years       | More than 5 years |
| <b>Non-derivative financial liabilities</b> |                                       |                        |                 |                 |                 |                   |
| Borrowings                                  | 4,268.12                              | 4,268.12               | 64.69           | 3,183.20        | 1,020.23        | -                 |
| Short term borrowings                       | 1,146.17                              | 1,146.17               | 1,146.17        | -               | -               | -                 |
| Trade payables                              | 2,343.10                              | 2,343.10               | 2,343.10        | -               | -               | -                 |
| Other current financial liabilities         | 2,508.63                              | 2,508.63               | 2,508.63        | -               | -               | -                 |
| <b>Total non-derivative liabilities</b>     | <b>10,266.02</b>                      | <b>10,266.02</b>       | <b>6,062.59</b> | <b>3,183.20</b> | <b>1,020.23</b> | <b>-</b>          |

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for liquidity / credit management purposes and which are not usually closed out before contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

### iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives like forward contracts to manage market riskson account of foreign exchange. All such transactions are carried out within the guidelines set by the Board of Directors.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

Currency risks related to the principal amounts of the Company's foreign currency payables, have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

|                                              | As at March 31, 2018 |             | As at March 31, 2017 |             | As at April 1, 2016 |             |
|----------------------------------------------|----------------------|-------------|----------------------|-------------|---------------------|-------------|
|                                              | USD                  | EUR         | USD                  | EUR         | USD                 | EUR         |
| <b>Financial assets</b>                      |                      |             |                      |             |                     |             |
| Trade receivables                            | 10.80                | -           | 7.20                 | -           | 11.15               | -           |
| Other payables                               | 1.06                 | 3.40        | 0.91                 | 3.39        | 1.78                | 3.40        |
| Net statement of financial position exposure | <b>11.86</b>         | <b>3.40</b> | <b>8.10</b>          | <b>3.39</b> | <b>12.93</b>        | <b>3.40</b> |

The following significant exchange rates have been applied:

|       | Average Rates  |                | Year end spot rates |                |               |
|-------|----------------|----------------|---------------------|----------------|---------------|
|       | March 31, 2018 | March 31, 2017 | March 31, 2018      | March 31, 2017 | April 1, 2016 |
| USD 1 | 64.33          | 64.43          | 64.04               | 64.84          | 66.33         |
| EUR 1 | 79.31          | 79.41          | 80.62               | 69.25          | 75.10         |

### Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2018 and March 31, 2017, the Company's borrowings at variable rate were denominated in Indian Rupees.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

#### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

|                                  | Nominal Amount  |                 |                 |
|----------------------------------|-----------------|-----------------|-----------------|
|                                  | March 31, 2018  | March 31, 2017  | April 1, 2016   |
| <b>Fixed-rate instruments</b>    |                 |                 |                 |
| Financial liabilities            | 4,621.60        | 4,801.67        | 5,066.10        |
|                                  | <b>4,621.60</b> | <b>4,801.67</b> | <b>5,066.10</b> |
| <b>Variable-rate instruments</b> |                 |                 |                 |
| Financial liabilities            | 1,884.05        | 1,890.47        | 2,419.72        |
|                                  | <b>1,884.05</b> | <b>1,890.47</b> | <b>2,419.72</b> |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

|                              | Profit or loss |                | Equity, net of tax |                |
|------------------------------|----------------|----------------|--------------------|----------------|
|                              | 50 bp increase | 50 bp decrease | 50 bp increase     | 50 bp decrease |
| <b>March 31, 2018</b>        |                |                |                    |                |
| Variable-rate instruments    | 9.42           | (9.42)         | 9.42               | (9.42)         |
| <b>Cash flow sensitivity</b> | <b>9.42</b>    | <b>(9.42)</b>  | <b>9.42</b>        | <b>(9.42)</b>  |
| <b>March 31, 2017</b>        |                |                |                    |                |
| Variable-rate instruments    | 9.45           | (9.45)         | 9.45               | (9.45)         |
| <b>Cash flow sensitivity</b> | <b>9.45</b>    | <b>(9.45)</b>  | <b>9.45</b>        | <b>(9.45)</b>  |

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## 35 First Time Adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS statement of financial position at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

### A. Ind AS optional exemptions

#### (i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### (ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

### B. Ind AS mandatory exceptions

#### (i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

#### (ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

#### Reconciliation of equity:

| Particulars                             | Notes to first-time adoption | As at April 1, 2016 |                 |                  | As at March 31, 2017 |                 |                  |
|-----------------------------------------|------------------------------|---------------------|-----------------|------------------|----------------------|-----------------|------------------|
|                                         |                              | Previous GAAP*      | Adjustments     | Ind AS           | Previous GAAP*       | Adjustments     | Ind AS           |
| <b>ASSETS</b>                           |                              |                     |                 |                  |                      |                 |                  |
| <b>Non-current Assets</b>               |                              |                     |                 |                  |                      |                 |                  |
| Property, Plant and Equipment           |                              | 7,770.93            | -               | 7,770.93         | 9,843.09             | -               | 9,843.09         |
| Capital work-in-progress                |                              | 335.78              | -               | 335.78           | 35.88                | -               | 35.88            |
| Other Intangible Assets                 |                              | 33.42               | -               | 33.42            | 29.72                | -               | 29.72            |
| <b>Financial assets</b>                 |                              |                     |                 |                  |                      |                 |                  |
| (i) Investment                          |                              | 5,251.79            | -               | 5,251.79         | 929.64               | -               | 929.64           |
| (ii) Other Non-Current Financial assets |                              | 216.58              | -               | 216.58           | 212.33               | -               | 212.33           |
| Other Non-current Assets                |                              | 515.18              | -               | 515.18           | 199.80               | -               | 199.80           |
| <b>Current Assets</b>                   |                              |                     |                 |                  |                      |                 |                  |
| Inventories                             |                              | 2,854.81            | -               | 2,854.81         | 3,927.52             | -               | 3,927.52         |
| <b>Financial Assets</b>                 |                              |                     |                 |                  |                      |                 |                  |
| (i) Trade Receivables                   | 3                            | 2,463.38            | (130.10)        | 2,333.28         | 2,321.52             | (163.32)        | 2,158.20         |
| (ii) Cash and Cash Equivalents          |                              | 153.23              | -               | 153.23           | 129.83               | -               | 129.83           |
| (iii) Other Current Financial Assets    |                              | 2,327.84            | -               | 2,327.84         | 1,278.14             | -               | 1,278.14         |
| Current Tax Assets (Net)                |                              | 174.75              | -               | 174.75           | 117.87               | -               | 117.87           |
| Other Current Assets                    |                              | 172.66              | -               | 172.66           | 203.76               | -               | 203.76           |
| <b>TOTAL ASSETS</b>                     |                              | <b>22,270.35</b>    | <b>(130.10)</b> | <b>22,140.25</b> | <b>19,229.10</b>     | <b>(163.32)</b> | <b>19,065.78</b> |

| Particulars                         | Notes to first-time adoption | As at April 1, 2016 |                 |                  | As at March 31, 2017 |                 |                  |
|-------------------------------------|------------------------------|---------------------|-----------------|------------------|----------------------|-----------------|------------------|
|                                     |                              | Previous GAAP*      | Adjustments     | Ind AS           | Previous GAAP*       | Adjustments     | Ind AS           |
| <b>EQUITY AND LIABILITIES</b>       |                              |                     |                 |                  |                      |                 |                  |
| <b>Equity</b>                       |                              |                     |                 |                  |                      |                 |                  |
| Equity Share Capital                | 7                            | 3,521.49            | (1,666.58)      | 1,854.91         | 3,639.22             | (1,484.31)      | 2,154.91         |
| Other Equity                        | 1, 7                         | 7,297.85            | 1,981.78        | 9,279.63         | 4,471.39             | 1,627.36        | 6,098.75         |
| <b>LIABILITIES</b>                  |                              |                     |                 |                  |                      |                 |                  |
| <b>Non-current Liabilities</b>      |                              |                     |                 |                  |                      |                 |                  |
| <b>Financial Liabilities</b>        |                              |                     |                 |                  |                      |                 |                  |
| (i) Borrowings                      | 1                            | 4,648.73            | (445.30)        | 4,203.43         | 3,304.28             | (306.37)        | 2,997.91         |
| Provisions                          |                              | 296.98              | -               | 296.98           | 339.46               | -               | 339.46           |
| <b>Current Liabilities</b>          |                              |                     |                 |                  |                      |                 |                  |
| <b>Financial Liabilities</b>        |                              |                     |                 |                  |                      |                 |                  |
| (i) Borrowings                      |                              | 1,146.17            | -               | 1,146.17         | 1,729.34             | -               | 1,729.34         |
| (ii) Trade Payables                 |                              | 2,343.10            | -               | 2,343.10         | 2,944.17             | -               | 2,944.17         |
| (iii) Other Financial Liabilities   |                              | 2,573.33            | -               | 2,573.33         | 2,443.06             | -               | 2,443.06         |
| Other Current Liabilities           |                              | 20.31               | -               | 20.31            | 342.99               | -               | 342.99           |
| Provisions                          |                              | 422.39              | -               | 422.39           | 15.19                | -               | 15.19            |
| <b>TOTAL EQUITY AND LIABILITIES</b> |                              | <b>22,270.35</b>    | <b>(130.10)</b> | <b>22,140.25</b> | <b>19,229.10</b>     | <b>(163.32)</b> | <b>19,065.78</b> |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### Reconciliation of total comprehensive income for the year ended March 31, 2017:

| Particulars                                                                   | Notes to first-time adoption | Previous GAAP*   | Adjustments     | Ind AS           |
|-------------------------------------------------------------------------------|------------------------------|------------------|-----------------|------------------|
| <b>Revenue</b>                                                                |                              |                  |                 |                  |
| Revenue from operations                                                       |                              | 23,566.68        | -               | 23,566.68        |
| Other income                                                                  |                              | 220.71           | -               | 220.71           |
| <b>Total income</b>                                                           |                              | <b>23,787.39</b> | <b>-</b>        | <b>23,787.39</b> |
| <b>Expenses</b>                                                               |                              |                  |                 |                  |
| Cost of materials consumed                                                    |                              | 13,448.26        | -               | 13,448.26        |
| Purchases of Stock in Trade                                                   |                              | 520.21           | -               | 520.21           |
| Changes in inventories of finished goods, stock-in-Trade and work-in-progress |                              | (665.11)         | -               | (665.11)         |
| Employee benefits expense                                                     | 2                            | 3,259.44         | 20.65           | 3,280.09         |
| Finance costs                                                                 | 1                            | 924.28           | 138.93          | 1,063.21         |
| Depreciation and amortization expense                                         |                              | 818.90           | -               | 818.90           |
| Other expenses                                                                | 3                            | 5,275.49         | 33.22           | 5,308.71         |
| <b>Total Expenses</b>                                                         |                              | <b>23,581.47</b> | <b>192.80</b>   | <b>23,774.27</b> |
| <b>Profit/ (loss) before tax</b>                                              |                              | <b>205.92</b>    | <b>(192.80)</b> | <b>13.12</b>     |
| <b>Profit/ (loss) for the period (A)</b>                                      |                              | <b>205.92</b>    | <b>(192.80)</b> | <b>13.12</b>     |
| <b>Other comprehensive income</b>                                             |                              |                  |                 |                  |
| Items that will not be reclassified to profit or loss                         |                              |                  |                 |                  |
| Remeasurement of defined benefit plans                                        | 2                            | -                | 20.65           | 20.65            |
| <b>Total other comprehensive income for the period (B)</b>                    |                              | <b>-</b>         | <b>20.65</b>    | <b>20.65</b>     |
| <b>Total comprehensive income for the period (A + B)</b>                      |                              | <b>205.92</b>    | <b>(172.15)</b> | <b>33.77</b>     |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### Reconciliation of Other equity as at March 31, 2017 and April 1, 2016:

| Particulars                                                                 | Notes to first-time adoption | March 31, 2017  | April 1, 2016   |
|-----------------------------------------------------------------------------|------------------------------|-----------------|-----------------|
| <b>Other equity (Reserves &amp; Surplus) as per previous GAAP</b>           |                              | <b>4,471.39</b> | <b>7,297.85</b> |
| <b>Adjustments:</b>                                                         |                              |                 |                 |
| Impact of fair value changes of Interest Free Loan (Net of Tax)             | 1                            | 306.37          | 445.30          |
| Provision for Expected Credit Loss (ECL)                                    | 3                            | (163.32)        | (130.10)        |
| 9% Optionally Convertible Cumulative Redeemable Preference Share of 10 each |                              |                 |                 |
| Classified as other equity till conversion                                  |                              | 1,484.31        | 1,666.58        |
| <b>Total adjustments</b>                                                    |                              | <b>1,627.35</b> | <b>1,981.78</b> |
| <b>Other equity as per Ind AS</b>                                           |                              | <b>6,098.75</b> | <b>9,279.63</b> |

## NOTES ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

### Reconciliation of total comprehensive income for the year ended March 31, 2017:

| Particulars                                                     | Notes to first-time adoption | Amount          |
|-----------------------------------------------------------------|------------------------------|-----------------|
| <b>Profit after tax under India GAAP</b>                        |                              | <b>205.92</b>   |
| <b>Adjustments</b>                                              |                              |                 |
| Impact of fair value changes of Interest Free Loan (Net of Tax) | 1                            | (138.93)        |
| Provision for Expected Credit Loss (ECL)                        | 3                            | (33.22)         |
| Actuarial (Gain)/ Loss on defined benefit plan                  | 2                            | (20.65)         |
| <b>Total adjustments</b>                                        |                              | <b>(192.80)</b> |
| <b>Profit after tax as per Ind AS</b>                           |                              | <b>13.12</b>    |
| Other Comprehensive Income (Net of deferred tax)                |                              | 20.65           |
| <b>Total Comprehensive income for the year</b>                  |                              | <b>33.77</b>    |

### Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2017:

| Particulars                                          | Notes to first-time adoption | Previous GAAP* | Adjustments | Ind AS     |
|------------------------------------------------------|------------------------------|----------------|-------------|------------|
| Net cash flow from operating activities              |                              | 2,494.40       | -           | 2,494.40   |
| Net cash flow from investing activities              |                              | (2,041.71)     | -           | (2,041.71) |
| Net cash flow from financing activities              |                              | (476.09)       | -           | (476.09)   |
| Net increase/(decrease) in cash and cash equivalents |                              | (23.41)        | -           | (23.40)    |
| Cash and cash equivalents as at April 1, 2016        |                              | 153.23         | -           | 153.23     |
| Cash and cash equivalents as at March 31, 2017       |                              | 129.82         | -           | 129.83     |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### D. Notes to first-time adoption:

#### 1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss and PPE as and when incurred. Accordingly, borrowings as at March 31, 2017 have been reduced by ₹445.30 (April 1, 2016- ₹306.37) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount of retained earning. The profit for the year ended March 31, 2017 reduced by ₹138.93 as a result of the additional interest expense.

#### 2 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by ₹20.65. There is no impact on the total equity as at 31 March 2017.

#### 3 Expected Credit Losses

Ind AS 109 requires to compute expected credit losses on all financial assets, at the time of origination and at the time of every reporting date. These provision are recognised in the Statement of Profit and Loss as lifetime expected credit losses.

Under Previous GAAP, no provision has been made and charged to Statement of Profit and Loss. Accordingly, Trade Receivables as at March 31, 2017 have been reduced by ₹130.10 (April 1, 2016- ₹163.32) with a corresponding adjustment to retained earnings. The total equity decreased by an equivalent amount of retained earning. The profit for the year ended March 31, 2017 reduced by ₹33.22 as a result of the additional expense.

#### 4 Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.



# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

## 5 Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

## 6 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

## 7 Preference shares

Preference shares are Optionally Convertible Cumulative Redeemable Preference Share (OCCRPS) therefore the same has been considered as other equity till conversion.

- 36 a. Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.
- b. Realisable value of current assets, deposits, loans and advances in the ordinary course of business will be at least equal to the amount at which they have been stated in the financial statements.
- c. Some of the fixed deposits and bank accounts are subject to confirmations though reconciled with available bank statements. Some of the secured loans are also subject to confirmations though reconciled with bank statements.

37 The Optionally Convertible Cumulative Redeemable Preference Share (OCCRPS) of ₹ 213.15 held by Kotak Mahindra Bank Ltd were surrendered by them in terms of OTS and same were cancelled and credited to Retained Earnings.

38 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed. Due to loss in current year and stress on cash flows, the Company has not incurred any expenses on CSR during the year.

## 39 Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Textile" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

## 40 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

| Particulars                                  | March 31, 2018   | March 31, 2017   | April 1, 2016    |
|----------------------------------------------|------------------|------------------|------------------|
| Equity Share Capital                         | 2,411.73         | 2,154.91         | 1,854.91         |
| Other Equity                                 | 5,383.06         | 6,098.74         | 9,279.63         |
| <b>Total Equity</b>                          | <b>7,794.79</b>  | <b>8,253.65</b>  | <b>11,134.54</b> |
| Non-Current Borrowings                       | 3,476.05         | 2,997.92         | 4,203.43         |
| Current maturities of Non-Current Borrowings | 1,310.64         | 1,658.51         | 1,690.93         |
| Current Borrowings                           | 1,589.27         | 1,729.34         | 1,146.17         |
| <b>Total Debts</b>                           | <b>6,375.96</b>  | <b>6,385.77</b>  | <b>7,040.53</b>  |
| Less: Cash & Cash Equivalents                | 139.54           | 129.83           | 153.23           |
| <b>Net Debts</b>                             | <b>6,236.42</b>  | <b>6,255.94</b>  | <b>6,887.31</b>  |
| <b>Capital &amp; Net Debts</b>               | <b>14,031.21</b> | <b>14,509.59</b> | <b>18,021.84</b> |
| <b>Debts Equity Ratio</b>                    | <b>0.82</b>      | <b>0.77</b>      | <b>0.63</b>      |
| <b>Capital Gearing Ratio</b>                 | <b>44%</b>       | <b>43%</b>       | <b>38%</b>       |

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### 41 Other Disclosures

a. Disclosure as specified in Schedule V of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015:

| Particulars              | Balance as at<br>March 31, 2018 | Maximum outstanding<br>of loan during the year |
|--------------------------|---------------------------------|------------------------------------------------|
| Hakoba Lifestyle Limited | 252.88<br>(238.62)              | 252.88<br>(238.62)                             |
| Mas Embroideries Limited | -<br>(-)                        | -<br>(77.90)                                   |
| Pioneer Realty Limited   | 2.21<br>(2.19)                  | 2.21<br>(2.19)                                 |

Previous year figures have been given in bracket.

b. Disclosure relating to loans or security given by the Company as per requirements of section 186 (4) to the Companies Act, 2013:

| Particulars              | Amount | Purpose                        |
|--------------------------|--------|--------------------------------|
| Hakoba Lifestyle Limited | 484.63 | Investment in<br>Equity Shares |
| Pioneer Realty Limited   | 5.00   |                                |
| Crystal lace (I) Limited | 440.00 |                                |
| Hakoba Lifestyle Limited | 252.88 | ICD given for business         |
| Pioneer Realty Limited   | 2.21   |                                |

### 42 Earning per Equity Share

| Particulars                                                          | March 31, 2018 | March 31, 2017 |
|----------------------------------------------------------------------|----------------|----------------|
| Net Profit / (Loss) for the year                                     | (585.30)       | 13.12          |
| Weighted Average Number of Equity Shares of ₹10 each (fully paid-up) | 2,27,57,201    | 2,00,12,108    |
| - Basic (₹)                                                          | (2.57)         | 0.07           |
| - Diluted (₹)                                                        | (2.57)         | 0.05           |

Since diluted earnings per share is increased when taking the preference shares into account, the preference shares are anti-dilutive and are ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share is ₹(2.57).

As per our Report of even date  
For **S. K. Naredi & Co.**  
Chartered Accountants  
(Firm's Registration No.: 003333C)

For & on behalf of the Board

**RAHUL NAREDI**  
Partner  
Membership Number: 302632

**HARSH VARDHAN BASSI**  
Managing Director  
DIN : 00102941

**RAJ KUMAR SEKHANI**  
Chairman  
DIN : 00102843

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

**NAWAL SHARMA**  
Chief Financial Officer

**AMI THAKKAR**  
Company Secretary



## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Members of Pioneer Embroideries Limited,  
Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pioneer Embroideries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Change in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group and of its associate are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors / management of the companies included in the Group, and its associate covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, its associate as at 31<sup>st</sup> March, 2018, and their consolidated loss (consolidated financial performance including comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matters

We did not audit the financial statements / financial information of three subsidiaries whose financial statements / financial information (before eliminating inter Company balances) reflect total assets of ₹2,443.57 lakhs and net assets of ₹685.98 lakhs as at 31<sup>st</sup> March, 2018, total revenues (before eliminating inter company transactions) of ₹33.42 lakh and net cash flows amounting to ₹0.59 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts





and disclosures included in respect of this subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

The audited consolidated financial statements for the year ended 31<sup>st</sup> March, 2017, was carried out and reported by M/s M B A H & CO, vide their unmodified audit report dated 29<sup>th</sup> May, 2017, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the consolidated financial statements. Our audit report is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated financial statements dealt with by this report dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, and associate company covered under the Act, none of the directors of the Group companies and its associate covered under the Act, are disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate.
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.
  - ii. The Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and the associate company incorporated in India.
  - iv. The disclosure requirements relating to holding as well as dealings in Specified Bank Notes were applicable for the period from 8<sup>th</sup> November, 2016 to 31<sup>st</sup> December, 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For S.K. Naredi & Co.  
Chartered Accountants  
(Firm's Registration No.: 003333C)

RAHUL NAREDI  
Partner

Membership Number: 302632

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

**Annexure "A" To the Independent Auditor's Report Of Even Date On The Consolidated Financial Statements Of Pioneer Embroideries Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2018, we have audited the internal financial controls over financial reporting of Pioneer Embroideries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate Companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiaries and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)".] These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company, its subsidiaries and its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



## Other Matters

Our aforesaid report under Section 143(3)(l) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

Our aforesaid report under Section 143(3)(l) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in Mauritius, and one associate company, which is a company incorporated in India, is solely based on the information and explanations given to us by the management. In our opinion and according to the information and explanations given to us by the management, these are not material to the Group.

Our opinion on the internal financial controls over financial reporting, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the information and explanations given by the management.

For S.K. Naredi & Co.  
Chartered Accountants  
(Firm's Registration No.: 003333C)

Place: Mumbai  
Date: 28<sup>th</sup> May, 2018

RAHUL NAREDI  
Partner  
Membership Number: 302632


**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018**

(₹ in lakhs)

| Particulars                              | Note | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>April 1, 2016 |
|------------------------------------------|------|-------------------------|-------------------------|------------------------|
| <b>I ASSETS</b>                          |      |                         |                         |                        |
| <b>1 Non-Current Assets</b>              |      |                         |                         |                        |
| (a) Property, Plant & Equipments         | 3    |                         |                         |                        |
| (i) Tangible Assets                      |      | 10,394.75               | 10,717.77               | 8,669.21               |
| (ii) Capital Work- in- Progress          |      | 297.95                  | 35.88                   | 335.78                 |
| (iii) Other Intangible Assets            |      | 48.55                   | 29.78                   | 36.01                  |
| (iv) Goodwill on Consolidation           |      | -                       | -                       | 1,960.21               |
| (v) Foreign Currency Translation Reserve |      | -                       | -                       | 294.31                 |
| (b) Financial Assets                     |      |                         |                         |                        |
| (i) Investments                          | 4    | 0.01                    | 0.01                    | 0.01                   |
| (ii) Other Non-Current Financial Assets  | 5    | 260.65                  | 231.72                  | 236.63                 |
| (c) Other Non-Current Assets             | 6    | 96.28                   | 199.80                  | 515.18                 |
| <b>2 Current Assets</b>                  |      |                         |                         |                        |
| (a) Inventories                          | 7    | 3,578.31                | 4,395.84                | 3,347.79               |
| (b) Financial Assets                     |      |                         |                         |                        |
| (i) Trade Receivables                    | 8    | 2,779.42                | 2,437.27                | 2,624.94               |
| (ii) Cash and Cash Equivalents           | 9    | 148.48                  | 139.36                  | 177.46                 |
| (iii) Other Current Financial Assets     | 10   | 1,618.38                | 1,601.12                | 3,271.10               |
| (c) Current Tax Assets (Net)             | 11   | 122.76                  | 146.23                  | 202.93                 |
| (d) Other Current Assets                 | 12   | 616.71                  | 393.18                  | 366.22                 |
|                                          |      | <b>19,962.25</b>        | <b>20,327.96</b>        | <b>22,037.78</b>       |
| <b>II EQUITY AND LIABILITIES</b>         |      |                         |                         |                        |
| <b>1 Equity</b>                          |      |                         |                         |                        |
| (a) Equity Share Capital                 | 13   | 2,411.73                | 2,154.91                | 1,854.91               |
| (b) Other Equity                         | 14   | 5,139.41                | 5,443.56                | 6,127.39               |
| <b>2 Non-Current Liabilities</b>         |      |                         |                         |                        |
| (a) Financial Liabilities                |      |                         |                         |                        |
| (i) Borrowings                           | 15   | 3,657.95                | 3,625.11                | 4,385.33               |
| (b) Provisions                           | 16   | 354.09                  | 339.46                  | 296.98                 |
| <b>3 Current Liabilities</b>             |      |                         |                         |                        |
| (a) Financial Liabilities                |      |                         |                         |                        |
| (i) Borrowings                           | 17   | 1,591.48                | 1,729.35                | 2,670.83               |
| (ii) Trade Payables                      | 18   | 3,049.88                | 2,971.25                | 2,572.44               |
| (iii) Other Current Liabilities          | 19   | 2,216.94                | 2,563.19                | 2,635.52               |
| (b) Provisions                           | 20   | 10.26                   | 15.19                   | 20.31                  |
| (c) Other Current Liabilities            | 21   | 1,530.51                | 1,485.94                | 1,474.07               |
|                                          |      | <b>19,962.25</b>        | <b>20,327.96</b>        | <b>22,037.78</b>       |

Significant Accounting Policies and other Notes to Financial Statements.

1-43

The accompanying Notes are an integral part of the Financial Statements.

As per our Report of even date

For **S. K. Naredi & Co.**

Chartered Accountants

(Firm's Registration No.: 003333C)

For &amp; on behalf of the Board

**RAHUL NAREDI**

Partner

Membership Number:302632

**HARSH VARDHAN BASSI**

Managing Director

DIN : 00102941

**RAJ KUMAR SEKHANI**

Chairman

DIN : 00102843

**NAWAL SHARMA**

Chief Financial Officer

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018


**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                                                   | Note      | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|-------------------------------------------------------------------------------|-----------|--------------------------------------|--------------------------------------|
| <b>Revenue</b>                                                                |           |                                      |                                      |
| Revenue from Operations                                                       | 22        | 26,225.51                            | 23,598.81                            |
| Other Income                                                                  | 23        | 241.83                               | 1,014.46                             |
| <b>Total Revenue</b>                                                          |           | <b>26,467.34</b>                     | <b>24,613.27</b>                     |
| <b>Expenses</b>                                                               |           |                                      |                                      |
| Cost of Materials Consumed                                                    | 24        | 15,114.80                            | 13,457.50                            |
| Purchases of Stock-in-Trade                                                   |           | 336.60                               | 519.32                               |
| Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 25        | 167.56                               | (649.70)                             |
| Employee Benefits Expense                                                     | 26        | 3,387.81                             | 3,131.94                             |
| Finance Costs                                                                 | 27        | 941.87                               | 1,068.46                             |
| Depreciation and Amortization Expenses                                        | 3         | 852.80                               | 818.90                               |
| Other Expenses                                                                | 28        | 6,268.27                             | 5,497.04                             |
| <b>Total Expenses</b>                                                         |           | <b>27,069.71</b>                     | <b>23,843.46</b>                     |
| <b>Profit before Exceptional and Extraordinary Items and Tax (III-IV)</b>     |           | <b>(602.37)</b>                      | <b>769.81</b>                        |
| Exceptional Items                                                             | 29        | -                                    | 2,700.93                             |
| <b>Profit/ (Loss) before Tax</b>                                              |           | <b>(602.37)</b>                      | <b>(1,931.12)</b>                    |
| <b>Tax Expenses</b>                                                           |           |                                      |                                      |
| Current Tax                                                                   |           | 3.12                                 | 0.04                                 |
| <b>Profit / (Loss) for the year (A)</b>                                       |           | <b>(605.49)</b>                      | <b>(1,931.16)</b>                    |
| <b>Other Comprehensive Income</b>                                             |           |                                      |                                      |
| Items that will not reclassified to Statement of Profit and Loss (Net of Tax) |           | 26.44                                | 20.65                                |
| <b>Other Comprehensive Income for the year (B)</b>                            |           | <b>26.44</b>                         | <b>20.65</b>                         |
| <b>Total Comprehensive Income for the year (A+B)</b>                          |           | <b>(579.05)</b>                      | <b>(1,910.51)</b>                    |
| <b>Profit / (Loss) for the year attributable to:</b>                          |           |                                      |                                      |
| Owners of the Company                                                         |           | (592.86)                             | (1,930.98)                           |
| Non controlling interests                                                     |           | (12.63)                              | (0.18)                               |
| <b>Other Comprehensive Income attributable to:</b>                            |           |                                      |                                      |
| Owners of the Company                                                         |           | 26.44                                | 20.65                                |
| Non controlling interests                                                     |           | -                                    | -                                    |
| <b>Total Comprehensive Income attributable to:</b>                            |           |                                      |                                      |
| Owners of the Company                                                         |           | (566.42)                             | (1,910.33)                           |
| Non controlling interests                                                     |           | (12.63)                              | (0.18)                               |
| <b>Earning per Equity Share of ₹10 each:</b>                                  | <b>43</b> |                                      |                                      |
| (1) Basic (₹)                                                                 |           | (2.60)                               | (9.65)                               |
| (2) Diluted (₹)                                                               |           | (2.60)                               | (9.65)                               |

Significant Accounting Policies and other Notes to Financial Statements. 1-43

The accompanying Notes are an integral part of the Financial Statements.

As per our Report of even date

For **S. K. Naredi & Co.**

Chartered Accountants

(Firm's Registration No.: 003333C)

For &amp; on behalf of the Board

**RAHUL NAREDI**

Partner

Membership Number:302632

**HARSH VARDHAN BASSI**

Managing Director

DIN : 00102941

**RAJ KUMAR SEKHANI**

Chairman

DIN : 00102843

**NAWAL SHARMA**

Chief Financial Officer

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018



# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

|                                                                        | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A. Cash Flow From Operating Activities :</b>                        |                                      |                                      |
| Net Profit / (Loss) before Extraordinary Items and Tax                 | (602.37)                             | (1,931.12)                           |
| <u>Adjustment for :</u>                                                |                                      |                                      |
| Depreciation and Amortisation                                          | 852.80                               | 818.90                               |
| (Profit) on Sale of Assets (net)                                       | (69.82)                              | (111.89)                             |
| Interest Income                                                        | (33.93)                              | (26.05)                              |
| Finance Costs                                                          | 941.87                               | 1,068.46                             |
| Provision for Doubtful Trade Receivable                                | (15.49)                              | 33.22                                |
| Liabilities/Provisions no longer required written back                 | (9.07)                               | (827.99)                             |
| Exceptional Items                                                      | -                                    | 2,700.93                             |
| Operating Profit / (Loss) before Working Capital Changes               | <b>1,064.00</b>                      | <b>1,724.46</b>                      |
| <u>Changes in Working Capital:</u>                                     |                                      |                                      |
| Adjustments for (increase) / decrease in operating assets/liabilities: |                                      |                                      |
| Inventories                                                            | 817.53                               | (1,048.05)                           |
| Trade and Other Receivables                                            | (596.38)                             | 1,356.48                             |
| Trade and Other Payables                                               | 709.18                               | 1,516.20                             |
| Cash generated from Operation                                          | 1,994.32                             | 3,549.08                             |
| Net Income Tax (paid) / refunds                                        | 20.35                                | 56.66                                |
| <b>Net Cash from Operating Activities</b>                              | <b>2,014.67</b>                      | <b>3,605.75</b>                      |
| <b>B. Cash Flow From Investing Activities :</b>                        |                                      |                                      |
| Capital Expenditure on Fixed Assets, including Capital Advances        | (895.52)                             | (2,393.31)                           |
| Proceeds from Sale of Fixed Assets (net of Advance)                    | 181.04                               | 339.81                               |
| Proceeds from Long Term Investments                                    | -                                    | 5.07                                 |
| Interest Received - Others                                             | 33.93                                | 26.05                                |
| <b>Net Cash from / (used) in Investing Activities</b>                  | <b>(680.55)</b>                      | <b>(2,022.38)</b>                    |
| <b>C. Cash Flow From Financing Activities :</b>                        |                                      |                                      |
| Proceeds from Issue of Equity Share Capital (including Share Premium)  | 100.00                               | 1,470.00                             |
| Proceeds from / (Repayment) of Long Term Borrowing (Net)               | (315.03)                             | (792.65)                             |
| Net increase / (decrease) in Working Capital Borrowings                | (137.88)                             | (941.48)                             |
| Finance Costs                                                          | (972.09)                             | (1,357.34)                           |
| <b>Net Cash used in Financing Activities</b>                           | <b>(1,325.00)</b>                    | <b>(1,621.47)</b>                    |
| Net increase / (decrease) in cash and Cash Equivalents (A+B+C)         | 9.12                                 | (38.11)                              |
| Add: Opening Cash and Cash Equivalent                                  | 139.36                               | 177.46                               |
| Closing Cash and Cash Equivalent                                       | 148.48                               | 139.36                               |

## **Amendment to Ind AS 7**

Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the Statement of Cash Flows.

As per our Report of even date attached herewith

For & on behalf of the Board

For S. K. Naredi & Co.

Chartered Accountants

(Firm's Registration No.: 003333C)

**RAHUL NAREDI**

Partner

Membership Number: 302632

**HARSH VARDHAN BASSI**

Managing Director

DIN 00102941

**NAWAL SHARMA**

Chief Financial Officer

**RAJ KUMAR SEKHANI**

Chairman

DIN 00102843

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018




**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

(a) Equity Share Capital & Reconciliation of number of shares outstanding at the beginning and end of the year : (₹ in lakhs)

| Particulars                                     | As at March 31, 2018 |                 | As at March 31, 2017 |                 |
|-------------------------------------------------|----------------------|-----------------|----------------------|-----------------|
|                                                 | Number of shares     | Amount          | Number of shares     | Amount          |
| Balance at the beginning of the year            | 2,15,49,094          | 2,154.91        | 1,85,49,094          | 1,854.91        |
| Changes in Equity Share Capital during the year | 25,68,191            | 256.82          | 30,00,000            | 300.00          |
| <b>Balance at the end of the year</b>           | <b>2,41,17,285</b>   | <b>2,411.73</b> | <b>2,15,49,094</b>   | <b>2,154.91</b> |

(b) Other Equity

| Particulars                                                      | Reserves and Surplus     |                     |                   |                          | 9% Optionally Convertible Cumulative Redeemable Preference Shares | Other Comprehensive Income Remeasurement of Defined Benefit Plans | Total             |
|------------------------------------------------------------------|--------------------------|---------------------|-------------------|--------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------|
|                                                                  | Security Premium Reserve | Revaluation Reserve | Retained Earnings | Non Controlling Interest |                                                                   |                                                                   |                   |
| <b>Restated balance at the beginning of the reporting period</b> | 1,566.14                 | 377.25              | 2,338.38          | 172.72                   | 1,666.58                                                          | 6.32                                                              | 6,127.39          |
| Profit for the year                                              | -                        | -                   | (1,930.98)        | (0.18)                   | -                                                                 | -                                                                 | (1,931.16)        |
| Other Comprehensive Income for the year                          | -                        | -                   | -                 | -                        | -                                                                 | 20.65                                                             | 20.65             |
| <b>Total Comprehensive Income for the year</b>                   | -                        | -                   | <b>(1,930.98)</b> | <b>(0.18)</b>            | -                                                                 | <b>20.65</b>                                                      | <b>(1,910.51)</b> |
| Consequent to Settlement of Loans                                | -                        | -                   | 255.77            | -                        | -                                                                 | -                                                                 | 255.77            |
| Consequent to Provision for Loan & Advances                      | -                        | -                   | 10.00             | -                        | -                                                                 | -                                                                 | 10.00             |
| On issuance of Equity Shares                                     | 1,170.00                 | -                   | -                 | -                        | -                                                                 | -                                                                 | 1,170.00          |
| Charged during the year                                          | -                        | 6.82                | -                 | -                        | -                                                                 | -                                                                 | 6.82              |
| Redeemed/Surrendered during the year                             | -                        | -                   | -                 | -                        | (182.27)                                                          | -                                                                 | (182.27)          |
| <b>Balance at March 31, 2017</b>                                 | <b>2,736.14</b>          | <b>370.43</b>       | <b>663.17</b>     | <b>172.54</b>            | <b>1,484.31</b>                                                   | <b>26.97</b>                                                      | <b>5,463.56</b>   |
| Profit / (Loss) for the year                                     | -                        | -                   | (592.86)          | (12.63)                  | -                                                                 | -                                                                 | (605.49)          |
| Other Comprehensive Income for the year                          | -                        | -                   | -                 | -                        | -                                                                 | 26.44                                                             | 26.44             |
| <b>Total comprehensive income for the year</b>                   | -                        | -                   | <b>(592.86)</b>   | <b>(12.63)</b>           | -                                                                 | <b>26.44</b>                                                      | <b>(579.05)</b>   |
| Consequent to Settlement of Loans                                | -                        | -                   | 213.15            | -                        | -                                                                 | -                                                                 | 213.15            |
| Consequent to Provision for Investments / Loan & Advances        | -                        | -                   | 444.26            | -                        | -                                                                 | -                                                                 | 444.26            |
| On issuance of Equity Shares                                     | 815.71                   | -                   | -                 | -                        | -                                                                 | -                                                                 | 815.71            |
| Redeemed/Surrendered during the year                             | -                        | -                   | -                 | -                        | (1,185.68)                                                        | -                                                                 | (1,185.68)        |
| Charged during the year                                          | -                        | 6.82                | -                 | 5.70                     | -                                                                 | -                                                                 | 12.52             |
| <b>Balance at March 31, 2018</b>                                 | <b>3,551.85</b>          | <b>363.61</b>       | <b>283.47</b>     | <b>154.21</b>            | <b>298.63</b>                                                     | <b>53.41</b>                                                      | <b>4,715.18</b>   |

**Securities Premium Reserve:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

The accompanying Notes are an integral part of the Financial Statements.

As per our Report of even date

For **S. K. Naredi & Co.**

Chartered Accountants

(Firm's Registration No.: 003333C)

For & on behalf of the Board

**RAHUL NAREDI**

Partner

Membership Number:302632

**HARSH VARDHAN BASSI**

Managing Director

DIN : 00102941

**RAJ KUMAR SEKHANI**

Chairman

DIN : 00102843

**NAWAL SHARMA**

Chief Financial Officer

**AMI THAKKAR**

Company Secretary

Place: Mumbai

Date: 28<sup>th</sup> May, 2018

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1 Reporting Entity

The Consolidated Financial Statements comprise financial statements of Pioneer Embroideries Limited ("the Company") and its subsidiaries (collectively, "the Group") for the year ended March 31, 2018. The Company is a public company domiciled in India and having registered office at Unit 101B, 1<sup>st</sup> Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai-400 058. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange.

The Group is a manufacturer of Dope Dyed Polyester Yarn (DDPY), Embroidery & Lace Products. It has four manufacturing units located at Kalamamb (Himachal Pradesh) for DDPY and Sarigam (Gujarat), Naroli (Daman & Nagar Haveli), Coimbatore (Tamilnadu) for Embroidery and Laces.

### 2 Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the Consolidated Financial Statements.

#### 2.1 Basis of Preparation

The Consolidated Financial Statements of the Group comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other accounting principles generally accepted in India.

The Consolidated Financial Statements up to year ended March 31, 2017 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014.

The Group followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e. April 1, 2016 and transitional adjustment were recognized directly through retained earnings. (Refer Note 36).

#### Consolidation procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Appropriate adjustments for deferred taxes are made for temporary differences that arise from the elimination of unrealised profits and losses from intra group transactions or undistributed earnings of Group's entity included in consolidated profit and loss, if any.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, 'Income Taxes' and Ind AS 19, 'Employee Benefits', respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

#### 2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention on accrual basis and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3 Functional and Presentation Currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

### 2.4 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

#### Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Useful life and residual value of Property, Plant and Equipment;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

### 2.5 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and Cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 2.6 Property, Plant and Equipment (Fixed Assets)

#### Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Foreign exchange loss/gain arising on long-term foreign currency monetary items existing as on April 1, 2016 used for depreciable assets, which are capitalised as per transitional provision of IndAS 101 "First time adoption".

#### Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the Company.

#### Depreciation

Depreciation is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below ₹ 5000 are fully depreciated in the year of purchase.

#### Capital work-in-progress

Expenditure incurred during the construction period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

#### De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

### 2.7 Intangible Assets

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 10 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 2.8 Non-current Assets held for Sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### 2.9 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

### 2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 2.11 Foreign Currency Transactions

Transactions in foreign currencies are recorded by the Company at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- in respect of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind as financial reporting period, the Company has elected to recognise exchange differences on translation of such long term foreign currency monetary items in line with its Previous GAAP accounting policy.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### 2.12 Employee Benefits

#### Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plans

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

#### Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other equity and will not be reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### Other long-term employee benefits

The Company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

### 2.13 Revenue Recognition

The Company recognises revenue from sale of goods when;

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the amount of revenue can be measured reliably;
- iii) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc.

Interest income are recognised on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive payment is established.

### 2.14 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials and stores & spare parts is computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

### 2.15 Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

### 2.16 Measurement of Fair Value

#### a) Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

#### b) Marketable and non-marketable equity securities

Fair value for quoted securities is based on quoted market prices as of the reporting date. Fair value for unquoted securities is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

### 2.17 Financial Instruments

#### Financial Assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

### Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

### Financial assets at fair value through profit and loss (FVTPL)

Any Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a Financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit and Loss.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss.

#### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

#### Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## 2.18 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- Has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In view uncertainty to have taxable income in immediate future as prudent, no differ tax assets are recognised for the year.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

## 2.19 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company.

### 2.21 Standard issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115, 'Revenue from Contracts with Customers.' The amendments are applicable to the Company from April 1, 2018.

#### (a) Amendment to Ind AS 21

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

#### (b) Amendment to Ind AS 115

"Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

## 3 FIXED ASSETS

(₹ in lakhs)

| S. NO. | PARTICULARS               | GROSS BLOCK              |               |                           |                           | DEPRECIATION             |               |                           |                            | NET BLOCK                  |                           |
|--------|---------------------------|--------------------------|---------------|---------------------------|---------------------------|--------------------------|---------------|---------------------------|----------------------------|----------------------------|---------------------------|
|        |                           | AS AT<br>APRIL<br>1,2017 | ADDITION      | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31,2018 | AS AT<br>APRIL<br>1,2017 | ADDITION      | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31, 2018 | AS AT<br>MARCH<br>31, 2018 | AS AT<br>MARCH<br>31,2017 |
|        | <b>Tangible Assets:</b>   |                          |               |                           |                           |                          |               |                           |                            |                            |                           |
| 1      | Land - Owned              | 420.73                   | -             | 28.44                     | 392.29                    | -                        | -             | -                         | -                          | 392.29                     | 420.73                    |
| 2      | Buildings                 | 3,174.99                 | 68.58         | 29.07                     | 3,214.50                  | 132.17                   | 140.03        | 1.08                      | 271.12                     | 2,943.38                   | 3,042.82                  |
| 3      | Plant & Machineries       | 6,501.46                 | 542.57        | 59.07                     | 6,984.96                  | 502.19                   | 592.88        | 4.28                      | 1,090.79                   | 5,894.17                   | 5,999.27                  |
| 4      | Furniture & Fixtures      | 43.71                    | 6.35          | -                         | 50.06                     | 16.65                    | 14.18         | -                         | 30.83                      | 19.23                      | 27.06                     |
| 5      | Vehicles                  | 93.85                    | -             | -                         | 93.85                     | 13.70                    | 13.02         | -                         | 26.72                      | 67.13                      | 80.15                     |
| 6      | Office Equipments         | 18.28                    | 2.94          | -                         | 21.22                     | 5.20                     | 4.44          | -                         | 9.64                       | 11.58                      | 13.08                     |
| 7      | Computers                 | 47.78                    | 5.94          | -                         | 53.72                     | 9.23                     | 12.44         | -                         | 21.67                      | 32.05                      | 38.55                     |
| 8      | Electrical Installations  | 485.44                   | 3.77          | -                         | 489.21                    | 129.66                   | 64.66         | -                         | 194.32                     | 294.89                     | 355.78                    |
| 9      | Borewell                  | 0.07                     | -             | -                         | 0.07                      | 0.07                     | -             | -                         | 0.07                       | -                          | -                         |
|        | <b>Leasehold Assets:</b>  |                          |               |                           |                           |                          |               |                           |                            |                            |                           |
| 10     | Leasehold Land            | 740.63                   | -             | -                         | 740.63                    | 0.30                     | 0.30          | -                         | 0.60                       | 740.03                     | 740.33                    |
|        | <b>Sub Total</b>          | <b>11,526.94</b>         | <b>630.15</b> | <b>116.58</b>             | <b>12,040.51</b>          | <b>809.17</b>            | <b>841.95</b> | <b>5.36</b>               | <b>1,645.76</b>            | <b>10,394.75</b>           | <b>10,717.77</b>          |
|        | <b>Intangible Assets:</b> |                          |               |                           |                           |                          |               |                           |                            |                            |                           |
| 11     | Computer Softwares        | 38.37                    | 29.62         | -                         | 67.99                     | 8.65                     | 10.85         | -                         | 19.50                      | 48.49                      | 29.72                     |
| 12     | Hakoba Brand              | 0.06                     | -             | -                         | 0.06                      | -                        | -             | -                         | -                          | 0.06                       | 0.06                      |
|        | <b>Sub Total</b>          | <b>38.43</b>             | <b>29.62</b>  | <b>-</b>                  | <b>68.05</b>              | <b>8.65</b>              | <b>10.85</b>  | <b>-</b>                  | <b>19.50</b>               | <b>48.55</b>               | <b>29.78</b>              |
|        | <b>Total</b>              | <b>11,565.37</b>         | <b>659.77</b> | <b>116.58</b>             | <b>12,108.56</b>          | <b>817.82</b>            | <b>852.80</b> | <b>5.36</b>               | <b>1,665.26</b>            | <b>10,443.30</b>           | <b>10,747.55</b>          |
|        | Capital Work-in-Progress  |                          |               |                           |                           |                          |               |                           |                            | 297.95                     | 35.88                     |
|        |                           |                          |               |                           |                           |                          |               |                           |                            | 10,741.25                  | 10,783.43                 |

- 3.1 a) Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.  
b) Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.  
c) Capital Work in progress includes a sum of ₹297.95 spent for ongoing expansion at Kala-amb unit and Sarigam unit.

| S. NO. | PARTICULARS               | GROSS BLOCK              |                 |                           |                           | DEPRECIATION             |               |                           |                           | NET BLOCK                 |                           |
|--------|---------------------------|--------------------------|-----------------|---------------------------|---------------------------|--------------------------|---------------|---------------------------|---------------------------|---------------------------|---------------------------|
|        |                           | AS AT<br>APRIL<br>1,2016 | ADDITION        | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31,2017 | AS AT<br>APRIL<br>1,2016 | ADDITION      | DEDUCTION/<br>ADJUSTMENTS | AS AT<br>MARCH<br>31,2017 | AS AT<br>MARCH<br>31,2017 | AS AT<br>MARCH<br>31,2016 |
|        | <b>Tangible Assets:</b>   |                          |                 |                           |                           |                          |               |                           |                           |                           |                           |
| 1      | Land - Owned              | 468.46                   | 13.52           | 61.25                     | 420.73                    | -                        | -             | -                         | -                         | 420.73                    | 468.46                    |
| 2      | Buildings                 | 2,871.73                 | 460.95          | 157.69                    | 3,174.99                  | -                        | 133.25        | 1.08                      | 132.17                    | 3,042.82                  | 2,871.73                  |
| 3      | Plant & Machineries       | 4,081.49                 | 2,426.77        | 6.80                      | 6,501.46                  | -                        | 502.19        | -                         | 502.19                    | 5,999.27                  | 4,081.49                  |
| 4      | Furniture & Fixtures      | 41.45                    | 2.26            | -                         | 43.71                     | -                        | 16.65         | -                         | 16.65                     | 27.06                     | 41.45                     |
| 5      | Vehicles                  | 61.82                    | 32.76           | 0.73                      | 93.85                     | -                        | 13.70         | -                         | 13.70                     | 80.15                     | 61.82                     |
| 6      | Office Equipments         | 14.66                    | 3.62            | -                         | 18.28                     | -                        | 5.20          | -                         | 5.20                      | 13.08                     | 14.66                     |
| 7      | Computers                 | 28.51                    | 19.27           | -                         | 47.78                     | -                        | 9.23          | -                         | 9.23                      | 38.55                     | 28.51                     |
| 8      | Electrical Installations  | 360.39                   | 125.05          | -                         | 485.44                    | -                        | 129.66        | -                         | 129.66                    | 355.78                    | 360.39                    |
| 9      | Borewell                  | 0.07                     | -               | -                         | 0.07                      | -                        | 0.07          | -                         | 0.07                      | -                         | 0.07                      |
|        | <b>Leasehold Assets:</b>  |                          |                 |                           |                           |                          |               |                           |                           |                           |                           |
| 10     | Leasehold Land            | 740.63                   | -               | -                         | 740.63                    | -                        | 0.30          | -                         | 0.30                      | 740.33                    | 740.63                    |
|        | <b>Sub Total</b>          | <b>8,669.21</b>          | <b>3,084.20</b> | <b>226.47</b>             | <b>11,526.94</b>          | <b>-</b>                 | <b>810.25</b> | <b>1.08</b>               | <b>809.17</b>             | <b>10,717.77</b>          | <b>8,669.21</b>           |
|        | <b>Intangible Assets:</b> |                          |                 |                           |                           |                          |               |                           |                           |                           |                           |
| 11     | Computer Softwares        | 35.95                    | 4.95            | 2.53                      | 38.37                     | -                        | 8.65          | -                         | 8.65                      | 29.72                     | 35.95                     |
| 12     | Hakoba Brand              | 0.06                     | -               | -                         | 0.06                      | -                        | -             | -                         | -                         | 0.06                      | 0.06                      |
|        | <b>Sub Total</b>          | <b>36.01</b>             | <b>4.95</b>     | <b>2.53</b>               | <b>38.43</b>              | <b>-</b>                 | <b>8.65</b>   | <b>-</b>                  | <b>8.65</b>               | <b>29.78</b>              | <b>36.01</b>              |
|        | <b>Total</b>              | <b>8,705.22</b>          | <b>3,089.15</b> | <b>229.00</b>             | <b>11,565.37</b>          | <b>-</b>                 | <b>818.90</b> | <b>1.08</b>               | <b>817.82</b>             | <b>10,747.55</b>          | <b>8,705.22</b>           |
|        | Capital Work-in-Progress  |                          |                 |                           |                           |                          |               |                           |                           | 35.88                     | 335.78                    |
|        |                           |                          |                 |                           |                           |                          |               |                           |                           | 10,783.43                 | 9,041.00                  |

- 3.2 a) Depreciation is provided on fixed assets over the remaining useful life in accordance with the provisions of Schedule II of the Act.  
b) Leasehold Land and building acquired, pursuant to scheme of merger in an earlier year, are pending registration in the name of the Company.  
c) Capital Work in progress includes a sum of ₹35.88 spent for ongoing expansion at Kala-amb unit.


**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**
**4 Non- Current Investment**

(₹ in lakhs)

| Particulars                                                                                                                               | As at March 31, 2018 |             | As at March 31, 2017 |             | As at April 1, 2016 |             |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------|----------------------|-------------|---------------------|-------------|
|                                                                                                                                           | Number of shares     | Amount      | Number of shares     | Amount      | Number of shares    | Amount      |
| <b>Quoted Investments</b>                                                                                                                 |                      |             |                      |             |                     |             |
| <b>In Other Entities (measured at fair value through profit and loss)</b>                                                                 |                      |             |                      |             |                     |             |
| RLF Limited (listing suspended)<br>(Equity shares of Face Value of ₹10 each)<br>(Cost ₹0.06 less provision made ₹0.06)                    | 1,000                | 0.00        | 1,000                | 0.00        | 1,000               | 0.00        |
| Padmini Technologies Limited (listing suspended)<br>(Equity shares of Face Value of ₹10 each)<br>(Cost ₹17.56 less provision made ₹17.56) | 68,939               | 0.00        | 68,939               | 0.00        | 68,939              | 0.00        |
| <b>Unquoted Investments</b>                                                                                                               |                      |             |                      |             |                     |             |
| <b>In Other Entities</b>                                                                                                                  |                      |             |                      |             |                     |             |
| The Greater Bombay Co-op. Bank Limited<br>(Equity shares of Face Value of ₹25 each)                                                       | 40                   | 0.01        | 40                   | 0.01        | 40                  | 0.01        |
|                                                                                                                                           | <b>69,939</b>        | <b>0.01</b> | <b>69,939</b>        | <b>0.01</b> | <b>69,939</b>       | <b>0.01</b> |

a. None of the above investments are listed on any stock exchange in India or outside India.

b. Aggregate amount of investments are given below:

|                                                        |       |       |       |
|--------------------------------------------------------|-------|-------|-------|
| Aggregate cost of unquoted investments                 | 17.63 | 17.63 | 17.63 |
| Aggregated amount of impairment in value of investment | 17.62 | 17.62 | 17.62 |

| Particulars                                                      | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|------------------------------------------------------------------|----------------------|----------------------|---------------------|
| <b>5 Other Non-Current Financial Assets</b>                      |                      |                      |                     |
| <b>Unsecured, considered good</b>                                |                      |                      |                     |
| Security Deposits                                                | 177.79               | 162.48               | 163.38              |
| Fixed Deposit and NSC in Banks with more than 12 months maturity | 82.86                | 69.24                | 73.25               |
|                                                                  | <b>260.65</b>        | <b>231.72</b>        | <b>236.63</b>       |
| <b>6 Other Non- Current Assets</b>                               |                      |                      |                     |
| <b>Unsecured, considered good</b>                                |                      |                      |                     |
| Capital Advances                                                 | 96.28                | 199.80               | 515.18              |
|                                                                  | <b>96.28</b>         | <b>199.80</b>        | <b>515.18</b>       |

6.1 Capital advance of ₹96.28 (₹199.80) has been given to building contractors and to suppliers of plant &amp; machineries at Dope Dyed Yarn unit at Kala-amb and Embroidery unit at Sarigam.

**7 Inventories**

(Valued at lower of cost or net realisable value as certified by Management)

|                  |                 |                 |                 |
|------------------|-----------------|-----------------|-----------------|
| Raw Materials    | 621.85          | 1,148.70        | 800.18          |
| Work-in-Progress | 583.84          | 593.80          | 570.46          |
| Finished Goods   | 2,264.72        | 2,534.45        | 1,908.09        |
| Store & Spares   | 78.50           | 73.82           | 41.38           |
| Packing Material | 29.40           | 45.07           | 27.68           |
|                  | <b>3,578.31</b> | <b>4,395.84</b> | <b>3,347.79</b> |

7.1 Inventories are hypothecated to secure short-term borrowings.


**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | As at<br>March<br>31, 2018 | As at<br>March<br>31, 2017 | As at<br>April<br>1, 2016 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>8 Trade Receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                            |                            |                           |
| <b>Unsecured</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                            |                            |                           |
| Considered Good                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2,927.26                   | 2,600.59                   | 2,755.04                  |
| Considered Doubtful/Bad                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 809.87                     | 809.87                     | 809.87                    |
| Less: Allowance of Credit Losses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (957.71)                   | (973.19)                   | (939.97)                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u><b>2,779.42</b></u>     | <u><b>2,437.27</b></u>     | <u><b>2,624.94</b></u>    |
| 8.1 Trade receivables include outstanding from related party enterprise of ₹58.94 (₹78.79) and Associate Concern ₹8.46 (₹15.87)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |                            |                           |
| 8.2 Trade Receivables are hypothecated to secure short-term borrowings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                            |                            |                           |
| <b>9 Cash &amp; Cash Equivalents</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                            |                            |                           |
| Balances with Banks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 126.45                     | 111.36                     | 100.42                    |
| Cash in hand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 22.03                      | 28.00                      | 77.04                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u><b>148.48</b></u>       | <u><b>139.36</b></u>       | <u><b>177.46</b></u>      |
| <b>10 Other Financial Current Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                            |                            |                           |
| <b>Unsecured, considered good</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                            |                            |                           |
| <b>Other Loans and Advances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |                            |                           |
| <b>Related Party</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                            |                            |                           |
| Pioneer E-com Fashions LLP (formerly known as Pioneer E-com Fashions Ltd.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 564.25                     | 577.25                     | 1,600.00                  |
| <b>Others</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                            |                            |                           |
| Advances recoverable in cash or in kind                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 103.23                     | 61.75                      | 485.82                    |
| Loan & Advance to Staff                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 44.39                      | 41.11                      | 47.13                     |
| Other Advances and Balances paid under protest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 6.30                       | 6.01                       | 175.00                    |
| Advances to Arcot Textile Mills Ltd. (Refer Note 10.1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 898.00                     | 898.00                     | 962.00                    |
| Insurance Claim Receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                          | 17.00                      | 0.35                      |
| Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2.21                       | -                          | 0.79                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u><b>1,618.38</b></u>     | <u><b>1,601.12</b></u>     | <u><b>3,271.10</b></u>    |
| 10.1 Advances to Arcot Textile Mills Limited (ATML) (then a BIFR Company) was given for purchase of movable and immovable assets situated at Kallakurichi, Tamilnadu for a total consideration of ₹1,105.00 on lump sum sale basis pursuant to MOU dated 20 <sup>th</sup> December, 2007. The transfer of assets in favour of the Company was subject to deregistration of ATML from BIFR. Due to inordinate delay in deregistration from BIFR, it had been agreed that ATML will return the above advance vide their confirmation letter dated 5 <sup>th</sup> October, 2012. Accordingly, ₹207.00 has been returned by ATML till March 31, 2018. |                            |                            |                           |
| <b>11 Current Tax Assets (Net)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                            |                            |                           |
| Income Tax Refund Receivable (net)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 122.76                     | 146.23                     | 202.93                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u><b>122.76</b></u>       | <u><b>146.23</b></u>       | <u><b>202.93</b></u>      |
| <b>11.1 Amounts recognised in Profit or Loss</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                            |                            |                           |
| Current Tax Expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3.12                       | 0.04                       |                           |
| Deferred Tax Charge / (Credit)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                          | -                          |                           |
| <b>Total Tax Expense</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u><b>3.12</b></u>         | <u><b>0.04</b></u>         |                           |
| <b>Reconciliation of effective tax rate</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                            |                            |                           |
| Profit / (Loss) before Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (602.37)                   | (1,931.12)                 |                           |
| Tax using the Company's domestic tax rate @ 25.75% (March 31, 2017: 30.90%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                          | -                          |                           |
| <b>Tax effect of:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                            |                            |                           |
| Tax Losses of earlier year adjusted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3.12                       | 0.04                       |                           |
| <b>Income tax expenses reported in the Statement of Profit and Loss</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u><b>3.12</b></u>         | <u><b>0.04</b></u>         |                           |
| <b>Effective Tax Rate</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u><b>(0.518)%</b></u>     | <u><b>(0.002)%</b></u>     |                           |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                         | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-------------------------------------|----------------------|----------------------|---------------------|
| <b>12 Other Current Assets</b>      |                      |                      |                     |
| Unsecured, considered good          |                      |                      |                     |
| Prepaid Expenses                    | 38.46                | 18.70                | 19.42               |
| Accrued Export and Other Incentives | 103.85               | 168.01               | 124.65              |
| Other Advances and Balances         | 474.40               | 206.47               | 222.15              |
|                                     | <b>616.71</b>        | <b>393.18</b>        | <b>366.22</b>       |

### 13 Share Capital

| Particulars                             | As at March 31, 2018 |                 | As at March 31, 2017 |                 | As at April 1, 2016 |                 |
|-----------------------------------------|----------------------|-----------------|----------------------|-----------------|---------------------|-----------------|
|                                         | Number of shares     | Amount          | Number of shares     | Amount          | Number of shares    | Amount          |
| <b>Authorised</b>                       |                      |                 |                      |                 |                     |                 |
| Equity Shares of ₹10 each               | 3,30,00,000          | 3,300.00        | 3,30,00,000          | 3,300.00        | 2,00,00,000         | 2,000.00        |
| Preference Shares of ₹10 each           | 1,70,00,000          | 1,700.00        | 1,70,00,000          | 1,700.00        | 3,00,00,000         | 3,000.00        |
|                                         | <b>5,00,00,000</b>   | <b>5,000.00</b> | <b>5,00,00,000</b>   | <b>5,000.00</b> | <b>5,00,00,000</b>  | <b>5,000.00</b> |
| <b>Issued, Subscribed &amp; Paid up</b> |                      |                 |                      |                 |                     |                 |
| Equity Shares of ₹10 each               | 2,41,17,285          | 2,411.73        | 2,15,49,094          | 2,154.91        | 1,85,49,094         | 1,854.91        |
|                                         | <b>2,41,17,285</b>   | <b>2,411.73</b> | <b>2,15,49,094</b>   | <b>2,154.91</b> | <b>1,85,49,094</b>  | <b>1,854.91</b> |

**Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the financial year:**

|                                           |                    |                 |                    |                 |                    |                 |
|-------------------------------------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| As at the beginning of the financial year | 2,15,49,094        | 2,154.91        | 1,85,49,094        | 1,854.91        |                    |                 |
| Add: Issued during the year               | 25,68,191          | 256.82          | 30,00,000          | 300.00          |                    |                 |
| As at the end of the financial year       | <b>2,41,17,285</b> | <b>2,411.73</b> | <b>2,15,49,094</b> | <b>2,154.91</b> | <b>1,85,49,094</b> | <b>1,854.91</b> |

#### Issue of Shares:

During the year, the Optionally Convertible Cumulative Redeemable Preference Share (OCCRPS) holders have exercised their right and opted to convert OCCRPS of ₹972.53 and accordingly, 23,72,113 equity shares of ₹10 each are issued at an average price of ₹41 per share to them. During the year, the Company has also issued to 1,96,078 equity shares of ₹10 each at the premium of ₹41 per share on preferential basis to Kotak Mahindra Bank Ltd.

#### Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In case of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Details of Equity Shareholding more than 5% in the Company on reporting date:

(₹ in lakhs)

| Particulars                | As at March 31, 2018 |                            | As at March 31, 2017 |                            | As at April 1, 2016 |                            |
|----------------------------|----------------------|----------------------------|----------------------|----------------------------|---------------------|----------------------------|
|                            | Number of shares     | % holding in that class of | Number of shares     | % holding in that class of | Number of shares    | % holding in that class of |
| Raj Kumar Sekhani          | 20,45,718            | 8.48                       | 20,45,718            | 9.49                       | 20,45,718           | 11.03                      |
| Pioneer E-Com Fashions LLP | 45,01,726            | 18.67                      | 45,01,726            | 20.89                      | 64,81,726           | 34.94                      |
| Anand Sekhani              | 15,00,000            | 6.22                       | 15,00,000            | 6.96                       | -                   | -                          |
| Amit Sekhani               | 15,00,000            | 6.22                       | 15,00,000            | 6.96                       | -                   | -                          |

| Particulars                                                          | As at March 31, 2018 | As at March 31, 2017 |
|----------------------------------------------------------------------|----------------------|----------------------|
| <b>14 Other Equity</b>                                               |                      |                      |
| <b>Share Premium Reserve</b>                                         |                      |                      |
| Opening Balance                                                      | 2,736.14             | 1,566.14             |
| Add: During the year                                                 | 815.71               | 1,170.00             |
| Balance as at the end of the year                                    | <b>3,551.85</b>      | <b>2,736.14</b>      |
| <b>Revaluation Reserve</b>                                           |                      |                      |
| Opening Balance                                                      | 370.43               | 377.25               |
| Add: During the year                                                 | (6.83)               | (6.82)               |
| Balance as at the end of the year                                    | <b>363.60</b>        | <b>370.43</b>        |
| <b>Retained Earnings</b>                                             |                      |                      |
| Opening Balance                                                      | 653.17               | 2,338.38             |
| Add: Profit / (Loss) for the year                                    | (592.86)             | (1,930.98)           |
| Add: Consequent to Settlement of Loans (Refer Note 38)               | 213.15               | 255.77               |
| Less: Consequent to Provision for Investments /Loan & Advances given | (444.26)             | 10.00                |
| Balance as at the end of the year                                    | <b>717.72</b>        | <b>653.17</b>        |
| <b>Other Comprehensive Income</b>                                    |                      |                      |
| Opening Balance                                                      | 26.97                | 6.32                 |
| Add : On Gratuity for the year                                       | 26.44                | 20.65                |
|                                                                      | <b>53.41</b>         | <b>26.97</b>         |
| 9% Optionally Convertible Cumulative Redeemable Preference Shares    | 298.62               | 1,484.31             |
| Non-Controlling Interest                                             | 154.21               | 172.54               |
|                                                                      | <b>452.83</b>        | <b>1,656.85</b>      |
|                                                                      | <b>5,139.41</b>      | <b>5,443.56</b>      |

### Rights, preferences and restrictions attached to Preference Shares:

The Company has one class of Optionally Convertible Cumulative Redeemable Preference Shares having a par value of ₹ 10 fully paid up per share. The preference shares do not carry voting rights, but carry right to a preference dividend at 9% p.a. effective October 2008. The preference shares are redeemable in 4 annual instalments from September 30, 2015. Preference shares are convertible, as per the terms of issue, at a price to be computed as per SEBI guidelines.

### Reconciliation of the number of preference shares and amount outstanding at the beginning and at the end of the financial year:

| Particulars                                          | As at March 31, 2018 |               | As at March 31, 2017 |                 | As at April 1, 2016 |                 |
|------------------------------------------------------|----------------------|---------------|----------------------|-----------------|---------------------|-----------------|
|                                                      | Number of shares     | Amount        | Number of shares     | Amount          | Number of shares    | Amount          |
| As at the beginning of the financial year            | 1,48,43,060          | 1,484.31      | 1,66,65,830          | 1,666.58        |                     |                 |
| Add: Issued / (redeemed/surrendered) during the year | (1,18,56,795)        | (1,185.68)    | (18,22,770)          | (182.27)        |                     |                 |
| As at the end of the financial year                  | <b>29,86,265</b>     | <b>298.63</b> | <b>1,48,43,060</b>   | <b>1,484.31</b> | <b>1,66,65,830</b>  | <b>1,666.58</b> |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Details of Preference Shareholding more than 5% in the Company on reporting date:

(₹ in lakhs)

| Class of Shares / Name of shareholder | As at March 31, 2018  |                            | As at March 31, 2017  |                            | As at April 1, 2016   |                            |
|---------------------------------------|-----------------------|----------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
|                                       | Number of shares held | % holding in that class of | Number of shares held | % holding in that class of | Number of shares held | % holding in that class of |
| Union Bank of India                   | 12,81,590             | 42.92                      | 51,26,360             | 34.54                      | 51,26,360             | 30.76                      |
| EXIM Bank                             | 12,49,675             | 41.85                      | 49,98,700             | 33.68                      | 49,98,700             | 29.99                      |
| Sandeep Bajaj                         | 4,55,000              | 15.24                      | -                     | -                          | -                     | -                          |
| Kotak Mahindra Bank Ltd.              | -                     | -                          | 42,63,000             | 28.72                      | 42,63,000             | 25.58                      |
| Corporation Bank                      | -                     | -                          | -                     | -                          | 18,22,770             | 10.94                      |

| Particulars                                             | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---------------------------------------------------------|----------------------|----------------------|---------------------|
| <b>15 Non-Current Financial Liabilities -Borrowings</b> |                      |                      |                     |
| <b>Secured Loans</b>                                    |                      |                      |                     |
| Term Loans from Banks/Institutions                      | 3,380.49             | 3,392.65             | 4,152.87            |
| Loan from Others                                        | 95.56                | 50.56                | 50.56               |
| <b>Unsecured Loans</b>                                  |                      |                      |                     |
| Related Party                                           | 1.90                 | 1.90                 | 1.90                |
| Others                                                  | 180.00               | 180.00               | 180.00              |
|                                                         | <b>3,657.95</b>      | <b>3,625.11</b>      | <b>4,385.33</b>     |

15.1 Term Loans from banks/institutions of ₹3,467.91 are secured by first pari passu charge over fixed assets of the Company both present & future with other term lenders, except certain machinery under exclusive charge to Landes Bank Baden Wurttemberg, and is further secured by second charge over current assets of the Company, by personal guarantee of Chairman of the Company, pledge of company's share holding in all subsidiaries and pledge of company's certain shares by promoter and promoter group firms.

Out of these loan, i) ₹1,035.00 is repayable quarterly instalments ending March 2020 and carries no interest; ii) ₹65.53 is repayable in quarterly instalments ending September 2018 and carries interest @13.05% p.a. presently; iii) ₹620.00 is repayable in monthly instalments ending February 2021 and carries interest @13% p.a.; iv) ₹1,747.38 is repayable in monthly instalments ending July 2022 and carries interest @13% p.a.

15.2 Term Loans from bank of ₹1,045.70 are secured by first pari passu charge over all fixed assets and current assets of the Company both present & future with other term lenders, except certain machinery under exclusive charge to Landes Bank Baden Wurttemberg, and by personal guarantee of the Chairman of the Company. The loan is further secured by pledge of company's certain shares by promoter and promoter group firms. This loan is repayable in monthly instalments ending September 2019 and carries interest @13% p.a.

15.3 Term Loans from bank of ₹273.50 of Foreign Currency Term Loan is secured by exclusive charge on certain imported machineries. This loan is repayable in half yearly instalments ending September 2018 and presently carries interest @0.50% p.a.

15.4 Term Loan from Banks of ₹34.54 are secured by hypothecation of respective vehicles.

15.5 Term Loan from others of ₹95.56 is secured by assignment of Keyman Insurance Policy and carries interest @10%.

15.6 All unsecured loans are interest free and carry no repayment schedule. These loans are subject to confirmation and reconciliation.

**16 Long Term Provisions**  
Provision for Employee Benefits

|               |               |               |
|---------------|---------------|---------------|
| 354.09        | 339.46        | 296.98        |
| <b>354.09</b> | <b>339.46</b> | <b>296.98</b> |


**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                  | As at<br>March<br>31, 2018 | As at<br>March<br>31, 2017 | As at<br>April<br>1, 2016 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>17 Current Financial Liabilities -Borrowings</b>                                                                                                                                                                                                                                                                                                                                          |                            |                            |                           |
| Secured                                                                                                                                                                                                                                                                                                                                                                                      |                            |                            |                           |
| Loans Repayable on Demand                                                                                                                                                                                                                                                                                                                                                                    |                            |                            |                           |
| Cash Credit from Bank                                                                                                                                                                                                                                                                                                                                                                        | 1,511.32                   | 1,480.59                   | 2,474.69                  |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>1,511.32</b>            | <b>1,480.59</b>            | <b>2,474.69</b>           |
| Unsecured                                                                                                                                                                                                                                                                                                                                                                                    |                            |                            |                           |
| Short Term Loans Repayable on Demand                                                                                                                                                                                                                                                                                                                                                         |                            |                            |                           |
| Inter Corporate Deposits                                                                                                                                                                                                                                                                                                                                                                     | -                          | 233.75                     | 196.14                    |
| Loans From Related Party                                                                                                                                                                                                                                                                                                                                                                     |                            |                            |                           |
| From Director                                                                                                                                                                                                                                                                                                                                                                                | 80.16                      | 15.00                      | -                         |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>80.16</b>               | <b>248.75</b>              | <b>196.14</b>             |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>1,591.48</b>            | <b>1,729.34</b>            | <b>2,670.83</b>           |
| <b>17.1</b> Cash Credit Loans are secured by first pari passu charge by hypothecation of stocks, book debts and second charge on all fixed assets, both present and future and further secured by corporate guarantee of Hakoba Lifestyle Limited, a subsidiary of the Company and Pioneer E-com Fashions LLP, a promoter group firm, and personal guarantee of the Chairman of the Company. |                            |                            |                           |
| <b>18 Trade Payables</b>                                                                                                                                                                                                                                                                                                                                                                     |                            |                            |                           |
| For Goods and Services                                                                                                                                                                                                                                                                                                                                                                       | 3,049.88                   | 2,971.25                   | 2,572.44                  |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>3,049.88</b>            | <b>2,971.25</b>            | <b>2,572.44</b>           |
| <b>18.1</b> Trade Payables include outstanding to a related enterprise of ₹22.95 (₹56.08).                                                                                                                                                                                                                                                                                                   |                            |                            |                           |
| <b>18.2</b> The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the necessary disclosure required under MSME Act, 2006 can not be made.                                                                                                                                            |                            |                            |                           |
| <b>19 Other Current Liabilities</b>                                                                                                                                                                                                                                                                                                                                                          |                            |                            |                           |
| Current maturities of Long Term Debt (Refer Note 15)                                                                                                                                                                                                                                                                                                                                         | 1,310.64                   | 1,658.51                   | 1,690.93                  |
| Interest accrued                                                                                                                                                                                                                                                                                                                                                                             | 30.35                      | 60.57                      | 349.45                    |
| Capital Creditors                                                                                                                                                                                                                                                                                                                                                                            | 95.21                      | 165.58                     | 77.68                     |
| Employees Emoluments                                                                                                                                                                                                                                                                                                                                                                         | 516.41                     | 451.02                     | 376.38                    |
| Statutory Dues                                                                                                                                                                                                                                                                                                                                                                               | 41.58                      | 91.95                      | 89.07                     |
| Others                                                                                                                                                                                                                                                                                                                                                                                       | 222.75                     | 135.56                     | 52.01                     |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>2,216.94</b>            | <b>2,563.19</b>            | <b>2,635.52</b>           |
| <b>20 Short Term Provisions</b>                                                                                                                                                                                                                                                                                                                                                              |                            |                            |                           |
| Provision For Employee Benefits                                                                                                                                                                                                                                                                                                                                                              | 10.26                      | 15.19                      | 20.31                     |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>10.26</b>               | <b>15.19</b>               | <b>20.31</b>              |
| <b>21 Other Current Liabilities</b>                                                                                                                                                                                                                                                                                                                                                          |                            |                            |                           |
| Advance from Customers                                                                                                                                                                                                                                                                                                                                                                       | 424.48                     | 435.79                     | 422.40                    |
| Advance Against Property                                                                                                                                                                                                                                                                                                                                                                     | 1,050.00                   | 1,050.00                   | 1,050.00                  |
| Others                                                                                                                                                                                                                                                                                                                                                                                       | 56.03                      | 0.15                       | 1.67                      |
|                                                                                                                                                                                                                                                                                                                                                                                              | <b>1,530.51</b>            | <b>1,485.94</b>            | <b>1,474.07</b>           |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                                                             | For the year ended<br>March 31 2018 | For the year ended<br>March 31 2017 |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>22 Revenue From Operations</b>                                                                                       |                                     |                                     |
| Sale of Products - Yarn, Embroidery Fabric & Laces                                                                      |                                     |                                     |
| Domestic Sales                                                                                                          | 21,482.61                           | 19,849.52                           |
| Export Sales                                                                                                            | 4,607.77                            | 3,525.43                            |
| Other Operating Revenue (Including Export Incentives)                                                                   | 135.13                              | 223.86                              |
|                                                                                                                         | <b>26,225.51</b>                    | <b>23,598.81</b>                    |
| <b>22.1 Sales include sales made to related enterprises ₹791.34 (₹576.71).</b>                                          |                                     |                                     |
| <b>23 Other Income</b>                                                                                                  |                                     |                                     |
| Interest from Others                                                                                                    | 33.93                               | 26.05                               |
| Profit on Fixed Assets sold (Net)                                                                                       | 69.82                               | 111.89                              |
| Liabilities/Provisions no longer required written back                                                                  | 9.07                                | 827.99                              |
| Reversal of Provision for Allowance of Credit Losses                                                                    | 15.49                               | -                                   |
| Gain on Exchange Rate Difference (Net)                                                                                  | 55.21                               | -                                   |
| Others                                                                                                                  | 58.31                               | 48.53                               |
|                                                                                                                         | <b>241.83</b>                       | <b>1,014.46</b>                     |
| <b>24 Cost Of Material Consumed</b>                                                                                     |                                     |                                     |
| Cost of Raw Material Consumed                                                                                           |                                     |                                     |
| Opening Stock *                                                                                                         | 1,103.48                            | 800.18                              |
| Purchases during the year                                                                                               | 14,633.17                           | 13,806.02                           |
|                                                                                                                         | 15,736.23                           | 14,606.20                           |
| Less:- Closing Stock                                                                                                    | 621.85                              | 1,148.70                            |
|                                                                                                                         | <b>15,114.80</b>                    | <b>13,457.50</b>                    |
| *Net of cenvat credit taken on Excise Duty become applicable on product at Kala-amb unit (DDPY) w.e.f. April 10, 2017 . |                                     |                                     |
| <b>24.1 Purchases includes from related enterprises ₹89.43 (₹65.53)</b>                                                 |                                     |                                     |
| <b>25 Change In Inventories</b>                                                                                         |                                     |                                     |
| Opening Inventories                                                                                                     |                                     |                                     |
| Work-in-Progress *                                                                                                      | 566.77                              | 570.46                              |
| Finished Goods *                                                                                                        | 2,449.35                            | 1,908.09                            |
|                                                                                                                         | <b>3,016.12</b>                     | <b>2,478.55</b>                     |
| Less: Closing Inventories                                                                                               |                                     |                                     |
| Work-in-Progress                                                                                                        | 583.84                              | 593.80                              |
| Finished Goods                                                                                                          | 2,264.72                            | 2,534.45                            |
|                                                                                                                         | <b>2,848.56</b>                     | <b>3,128.25</b>                     |
|                                                                                                                         | <b>167.56</b>                       | <b>(649.70)</b>                     |
| *Net of cenvat credit taken on Excise Duty become applicable on product at Kala-amb unit (DDPY) w.e.f. April 10, 2017 . |                                     |                                     |
| <b>26 Employee Benefits Expense</b>                                                                                     |                                     |                                     |
| Salaries, Wages and Incentives                                                                                          | 3,161.48                            | 2,900.57                            |
| Contribution to Funds                                                                                                   | 127.92                              | 121.29                              |
| Staff Welfare Expenses                                                                                                  | 98.41                               | 110.08                              |
|                                                                                                                         | <b>3,387.81</b>                     | <b>3,131.94</b>                     |


**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

| Particulars                                                                                     | For the year ended<br>March 31 2018 | For the year ended<br>March 31 2017 |
|-------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>27 Finance Cost</b>                                                                          |                                     |                                     |
| Interest expense                                                                                | 682.41                              | 909.40                              |
| Other Borrowing Costs                                                                           | 43.81                               | 46.22                               |
| Fair value changes of interest free loans                                                       | 176.68                              | 138.93                              |
| Net Gain/Loss on Foreign Currency Transactions and Translation<br>(Considered as finance costs) | 38.97                               | (26.09)                             |
|                                                                                                 | <b>941.87</b>                       | <b>1,068.46</b>                     |
| <b>28 Other Expenses</b>                                                                        |                                     |                                     |
| Stores & Spares Consumed                                                                        | 481.77                              | 363.48                              |
| Repair & Maintenance                                                                            | 130.93                              | 193.12                              |
| Power & Fuel                                                                                    | 2,128.23                            | 1,965.50                            |
| Insurance                                                                                       | 22.47                               | 24.45                               |
| Job Charges                                                                                     | 209.83                              | 167.95                              |
| Legal & Professional Fees                                                                       | 145.40                              | 152.20                              |
| Packing Material Consumed                                                                       | 1,213.05                            | 947.77                              |
| Payment to Auditors*                                                                            | 14.18                               | 14.12                               |
| Rates & Taxes                                                                                   | 28.98                               | 42.08                               |
| Rent                                                                                            | 61.95                               | 63.41                               |
| Provision for Allowance of Credit Losses                                                        | -                                   | 33.22                               |
| Fixed Assets being obsolete written off                                                         | -                                   | 26.60                               |
| Directors Sitting Fees                                                                          | 1.93                                | 2.58                                |
| Donations                                                                                       | 0.16                                | 0.06                                |
| Excise Duty on Sales                                                                            | 522.61                              | -                                   |
| Expenditure towards CSR activities                                                              | -                                   | 7.35                                |
| Selling Expenses                                                                                | 859.99                              | 802.09                              |
| Miscellaneous Expenses                                                                          | 446.80                              | 691.07                              |
|                                                                                                 | <b>6,268.27</b>                     | <b>5,497.04</b>                     |
| <b>* Details of payment to Auditors</b>                                                         |                                     |                                     |
| a) Statutory & Tax Audit                                                                        | 14.18                               | 14.12                               |
| b) for Taxation Matter                                                                          | -                                   | -                                   |
| c) for Other Services                                                                           | -                                   | -                                   |
|                                                                                                 | <b>14.18</b>                        | <b>14.12</b>                        |
| <b>29 Exceptional Items</b>                                                                     |                                     |                                     |
| Doubtful Advances written off                                                                   | -                                   | 430.85                              |
| Custom Duty on Capital Assets including provision for interest                                  | -                                   | 6.84                                |
| Goodwill written off                                                                            | -                                   | 1,960.72                            |
| Foreign Currency Translation Reserve written off                                                | -                                   | 294.31                              |
| Others                                                                                          | -                                   | 8.21                                |
|                                                                                                 | -                                   | <b>2,700.93</b>                     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                                                                                           | As at<br>31, March<br>2018 | As at<br>31, March<br>2017 | As at<br>1, April<br>2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| <b>30 Contingent liabilities, contingent assets and commitments</b>                                                                                   |                            |                            |                           |
| <b>A. Contingent liabilities (not provided for) in respect of:</b>                                                                                    |                            |                            |                           |
| 1 Bank Guarantees Outstanding.                                                                                                                        | 112.80                     | 77.24                      | 77.24                     |
| 2 Demand for Excise duty, being contested by the Company                                                                                              | 33.58                      | 33.58                      | 46.14                     |
| 3 Demand for Income Tax, being contested by the Company                                                                                               | 62.34                      | 62.34                      | 62.34                     |
| 4 Demand for Service Tax, being contested by the Company                                                                                              | 123.85                     | 123.85                     | 128.08                    |
| 5 Demand for VAT / Sales Tax, being contested by the Company                                                                                          | 25.89                      | 25.89                      | 25.89                     |
| 6 Sundry Cases in Labour Court and Industrial Court (Silvassa unit)                                                                                   | 366.61                     | NA*                        | NA*                       |
| 7 Sundry Cases in Labour Court and Industrial Court (Sarigam unit, Gujrat)<br>(quantum is not ascertainable)                                          | NA*                        | NA*                        | NA*                       |
| 8 Unpaid Dividend on 9% Optionally Convertible Cumulative Redeemable Preference Shares                                                                | 255.33                     | 1,135.49                   | 1,124.94                  |
| 9 Custom Duty on Capital Goods and Raw Materials imported under Advance License /<br>EPCG Scheme, against which export obligation is to be fulfilled. | 7.91                       | 563.47                     | 72.72                     |

There is no contingent liability other than stated above and adequate provision have been made for all known liabilities, except interest and penalties as may arise. The management believes that the Company has a strong chance of favourable decision in above cases, hence no further provision has been considered necessary.

### B. Commitments

|                                                                                            |       |        |        |
|--------------------------------------------------------------------------------------------|-------|--------|--------|
| Estimated amount of Contracts remaining to be executed on Capital Account[Net of Advances] | 86.47 | 167.34 | 834.55 |
|--------------------------------------------------------------------------------------------|-------|--------|--------|

### 31 Leases

#### Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for office and warehouse. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to ₹61.95 (₹63.41)

### 32 Foreign exchange derivatives and exposures outstanding at the year-end:

#### (a) Foreign Currency exposure not hedged by derivative instrument or otherwise :

|               |        |        |          |
|---------------|--------|--------|----------|
| i. Receivable | 713.50 | 564.04 | 1,257.67 |
| ii. Payable   | 343.05 | 304.13 | 531.79   |

#### (b) Outstanding forward contracts to be hedge foreign currency exposure :

|   |   |   |
|---|---|---|
| - | - | - |
|---|---|---|

### 33 Defined Contribution Plans:

(i) The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund ₹ 86.50 (Previous year ₹ 96.88).

#### (ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the Group Gratuity-cum-life Assurance Cash Accumulation Policy administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| Particulars                             | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|-----------------------------------------|----------------|----------------|---------------|
| Net defined benefit liability / (asset) | 298.40         | 285.08         | 254.79        |
| <b>Liability for Gratuity</b>           |                |                |               |
| Non-current                             | 10.14          | 15.19          | 20.31         |
| Current                                 | 288.26         | 269.89         | 234.48        |

- B. Movement in net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

| Particulars                           | March 31, 2018             |                           |                                        | March 31, 2017             |                           |                                        |
|---------------------------------------|----------------------------|---------------------------|----------------------------------------|----------------------------|---------------------------|----------------------------------------|
|                                       | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
| Balance as at 1 April                 | 285.08                     | -                         | 285.08                                 | 254.79                     | -                         | 254.79                                 |
| Included in profit or loss            |                            |                           |                                        |                            |                           |                                        |
| Service costs                         | 51.49                      | -                         | 51.49                                  | 45.14                      | -                         | 45.14                                  |
| Interest cost / (income)              | 19.92                      | -                         | 19.92                                  | 19.82                      | -                         | 19.82                                  |
|                                       | <b>71.41</b>               | <b>-</b>                  | <b>71.41</b>                           | <b>64.96</b>               | <b>-</b>                  | <b>64.96</b>                           |
| Included in OCI                       |                            |                           |                                        |                            |                           |                                        |
| Actuarial loss / (gain) arising from: |                            |                           |                                        |                            |                           |                                        |
| - demographic assumptions             | -                          | -                         | -                                      | (1.70)                     | -                         | (1.70)                                 |
| - financial assumptions               | (11.94)                    |                           | (11.94)                                | 24.59                      |                           | 24.59                                  |
| - experience adjustment               | (14.49)                    |                           | (14.49)                                | (43.54)                    |                           | (43.54)                                |
|                                       | <b>(26.43)</b>             | <b>-</b>                  | <b>(26.43)</b>                         | <b>(20.65)</b>             | <b>-</b>                  | <b>(20.65)</b>                         |
| Other                                 |                            |                           |                                        |                            |                           |                                        |
| Contributions paid by the employer    |                            |                           |                                        |                            |                           |                                        |
| Benefits paid                         | (31.66)                    |                           | (31.66)                                | (14.02)                    |                           | (14.02)                                |
|                                       | <b>(31.66)</b>             | <b>-</b>                  | <b>(31.66)</b>                         | <b>(14.02)</b>             | <b>-</b>                  | <b>(14.02)</b>                         |
| <b>Balance as at 31 March</b>         | <b>298.40</b>              | <b>-</b>                  | <b>298.40</b>                          | <b>285.08</b>              | <b>-</b>                  | <b>285.08</b>                          |

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|-------------|----------------|----------------|---------------|
|-------------|----------------|----------------|---------------|

- C. Plan assets

The Company has no plan assets.

- D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

|                                         |                          |       |       |
|-----------------------------------------|--------------------------|-------|-------|
| Discount rate                           | 7.67%                    | 7.40% | 7.40% |
| Expected rate of future salary increase | 7.50%                    | 7.50% | 7.50% |
| Mortality                               | 100% of IALM (2006 - 08) |       |       |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

| Particulars                                           | March 31, 2018 |          | March 31, 2017 |          |
|-------------------------------------------------------|----------------|----------|----------------|----------|
|                                                       | Increase       | Decrease | Increase       | Decrease |
| Discount rate (1% movement)                           | (259.46)       | 346.19   | (248.38)       | 330.02   |
| Expected rate of future salary increase (1% movement) | 344.38         | (260.12) | 329.52         | (248.10) |

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

A) Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.

B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

C) Mortality & disability - Actual deaths & disability cases proving lower or higher than assumption in the valuation can impact the liabilities.

## 34 Related parties

### A. Related parties and their relationships

#### i Key Managerial Personnel (KMP) and their relatives

Mr. Raj Kumar Sekhani (Chairman)  
Mr. Harsh Vardhan Bassi (Managing Director)  
Mr. Gangadharan Kandan Rama Panick (Executive Director)  
Mr. Joginder Kumar Baweja (Independent Director)  
Mr. Gopalkrishnan Sivaraman (Independent Director)  
Mrs. Sujata Chakravarthy (Independent Director)  
Mrs. Bimla Devi Sekhani  
Mr. Aarav Sekhani  
Mr. Vishal Sekhani  
Mr. Ratanlal Sekhani  
Mrs. Prachi Sekhani

#### ii. Enterprises having significant influence by KMP & their Relatives

M/s J J Sons  
M/s J J Enterprises  
Kiran Industries Pvt. Ltd.  
Thakurdas & Co. Pvt. Ltd.  
Kiran Texpro Pvt. Ltd.

#### iii. Subsidiaries

Hakoba Lifestyle Ltd.  
Pioneer Realty Ltd.  
Mas Embroideries LLP (formerly known as Mas Embroideries Pvt. Ltd.)  
Crystal Lace (I) Ltd.

#### iv. Associate Concerns

Pioneer E-Com Fashions LLP (formerly known as Pioneer E-Com Fashions Ltd.)  
Reach Industries Pvt. Ltd.





**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in lakhs)

|                                                                              | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>B Transactions with the above in the ordinary course of business</b>      |                                      |                                      |
| <b>Sales</b>                                                                 |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | 18.73                                | 27.35                                |
| M/s J J Enterprises                                                          | 19.94                                | 62.70                                |
| Kiran Industries Pvt. Ltd.                                                   | 735.16                               | 482.51                               |
| Thakurdas & Co. Pvt. Ltd.                                                    | 3.88                                 | 1.18                                 |
| Kiran Texpro Pvt. Ltd.                                                       | 13.63                                | 2.97                                 |
|                                                                              | <b>791.34</b>                        | <b>576.71</b>                        |
| <b>Purchases</b>                                                             |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | -                                    | 1.50                                 |
| M/s J J Enterprises                                                          | 1.52                                 | 2.33                                 |
| Kiran Industries Pvt. Ltd.                                                   | 80.22                                | 38.33                                |
| Kiran Texpro Pvt. Ltd.                                                       | 7.69                                 | 23.37                                |
|                                                                              | <b>89.43</b>                         | <b>65.53</b>                         |
| <b>Payment for Rent &amp; Other Services</b>                                 |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| Kiran Industries Pvt. Ltd.                                                   | 9.34                                 | 4.80                                 |
| <b>Employee Benefit Expense</b>                                              |                                      |                                      |
| Key Managerial Personnel (KMP) and their relatives                           | 222.57                               | 198.14                               |
| <b>Key Managerial Personnel (KMP) and their Relatives</b>                    |                                      |                                      |
| Mr. Raj Kumar Sekhani (Chairman)                                             | 1.00                                 | 15.00                                |
| Mr. Harsh Vardhan Bassi (Managing Director)                                  | 61.95                                | -                                    |
|                                                                              | <b>62.95</b>                         | <b>15.00</b>                         |
| <b>Directors Sitting Fees</b>                                                |                                      |                                      |
| Mr. Joginder Kumar Baweja (Independent Director)                             | 0.80                                 | 1.00                                 |
| Mr. Gopalkrishnan Sivaraman (Independent Director)                           | 0.80                                 | 1.00                                 |
| Mrs. Sujata Chakravarthy (Independent Director)                              | 0.33                                 | 0.30                                 |
|                                                                              | <b>1.93</b>                          | <b>2.30</b>                          |
| <b>Guarantee Taken</b>                                                       |                                      |                                      |
| <b>Key Managerial Personnel (KMP) and their Relatives</b>                    |                                      |                                      |
| Mrs. Bimla Devi Sekhani                                                      | 1,500.00                             | 500.00                               |
| <b>Associates Concerns</b>                                                   |                                      |                                      |
| Pioneer E-Com Fashions LLP                                                   | 1,500.00                             | 500.00                               |
| <b>C Outstanding balance at the year end</b>                                 |                                      |                                      |
| <b>Loans &amp; Advances taken</b>                                            |                                      |                                      |
| <b>Key Managerial Personnel (KMP) and their relatives</b>                    |                                      |                                      |
| Mr. Raj Kumar Sekhani (Chairman)                                             | 16.00                                | 15.00                                |
| Mr. Harsh Vardhan Bassi (Managing Director)                                  | 61.95                                | -                                    |
|                                                                              | <b>77.95</b>                         | <b>15.00</b>                         |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

|                                                                              | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Trade Payables &amp; Other Liabilities</b>                                |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | 15.57                                | 31.75                                |
| M/s J J Enterprises                                                          | 0.51                                 | 4.22                                 |
| Kiran Industries Pvt. Ltd.                                                   | 134.98                               | -                                    |
| Kiran Texpro Pvt. Ltd.                                                       | 2.16                                 | 20.71                                |
|                                                                              | <b>153.22</b>                        | <b>56.08</b>                         |
| <b>Receivables</b>                                                           |                                      |                                      |
| <b>Enterprises having significant influence by KMP &amp; their Relatives</b> |                                      |                                      |
| M/s J J Sons                                                                 | 6.65                                 | -                                    |
| M/s J J Enterprises                                                          | 44.13                                | 40.92                                |
| Kiran Industries Pvt. Ltd.                                                   | -                                    | 33.39                                |
| Thakurdas & Co. Pvt. Ltd.                                                    | 8.16                                 | 4.48                                 |
|                                                                              | <b>58.94</b>                         | <b>78.79</b>                         |
| <b>Associate Concerns</b>                                                    |                                      |                                      |
| Reach Industries Pvt. Ltd.                                                   | 8.46                                 | 15.87                                |
| Pioneer E-Com Fashions LLP                                                   | 564.85                               | 564.85                               |

## 35 Financial instruments

### I. Fair value measurements

#### A. Financial instruments by category

|                                     | As at March 31, 2018 |                   | As at March 31, 2017 |                   | As at April 1, 2016 |                   |
|-------------------------------------|----------------------|-------------------|----------------------|-------------------|---------------------|-------------------|
|                                     | FVTPL                | Amortised<br>Cost | FVTPL                | Amortised<br>Cost | FVTPL               | Amortised<br>Cost |
| <b>Financial assets</b>             |                      |                   |                      |                   |                     |                   |
| Investments                         | 0.01                 | -                 | 0.01                 | -                 | 0.01                | -                 |
| Trade receivables                   | -                    | 2,779.42          | -                    | 2,437.27          | -                   | 2,624.94          |
| Cash and cash equivalents           | -                    | 148.48            | -                    | 139.36            | -                   | 177.46            |
| Others                              |                      |                   |                      |                   |                     |                   |
| Non Current                         | -                    | 260.65            | -                    | 231.72            | -                   | 236.63            |
| Current                             | -                    | 1,618.38          | -                    | 1,601.12          | -                   | 3,271.10          |
|                                     | <b>0.01</b>          | <b>4,806.93</b>   | <b>0.01</b>          | <b>4,409.47</b>   | <b>0.01</b>         | <b>6,310.13</b>   |
| <b>Financial liabilities</b>        |                      |                   |                      |                   |                     |                   |
| Long Term Borrowings                | -                    | 3,657.95          | -                    | 3,625.11          | -                   | 4,385.33          |
| Short terms borrowings              | -                    | 1,591.48          | -                    | 1,729.35          | -                   | 2,670.83          |
| Trade payables                      | -                    | 3,049.88          | -                    | 2,971.25          | -                   | 2,572.44          |
| Other current financial liabilities | -                    | 2,216.94          | -                    | 2,563.19          | -                   | 2,635.52          |
|                                     | <b>-</b>             | <b>10,516.25</b>  | <b>-</b>             | <b>10,888.90</b>  | <b>-</b>            | <b>12,264.12</b>  |

### B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### Financial assets and liabilities measured at fair value - recurring fair value measurements:

|                       | As at March 31, 2018 |          |          |             |
|-----------------------|----------------------|----------|----------|-------------|
|                       | Level 1              | Level 2  | Level 3  | Total       |
| Financial assets      | 0.01                 | -        | -        | 0.01        |
| Financial liabilities | -                    | -        | -        | -           |
|                       | <b>0.01</b>          | <b>-</b> | <b>-</b> | <b>0.01</b> |

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year.

### C. Fair value of financial assets and liabilities measured at amortised cost:

|                                     | As at March 31, 2018 |                  | As at March 31, 2017 |                  | As at April 1, 2016 |                  |
|-------------------------------------|----------------------|------------------|----------------------|------------------|---------------------|------------------|
|                                     | Carrying Amount      | Fair Value       | Carrying Amount      | Fair Value       | Carrying Amount     | Fair Value       |
| <b>Financial assets</b>             |                      |                  |                      |                  |                     |                  |
| Trade receivables                   | -                    | 2,779.42         | -                    | 2,437.27         | -                   | 2,624.94         |
| Cash and cash equivalents           | -                    | 148.48           | -                    | 129.36           | -                   | 177.46           |
| Others                              |                      |                  |                      |                  |                     |                  |
| Non Current                         | -                    | 260.65           | -                    | 231.72           | -                   | 236.63           |
| Current                             | -                    | 1,618.38         | -                    | 1,601.12         | -                   | 2,703.85         |
|                                     | <b>-</b>             | <b>4,806.93</b>  | <b>-</b>             | <b>4,399.47</b>  | <b>-</b>            | <b>5,742.88</b>  |
| <b>Financial liabilities</b>        |                      |                  |                      |                  |                     |                  |
| Long Term Borrowings                | -                    | 3,657.95         | -                    | 3,625.11         | -                   | 4,385.32         |
| Short terms borrowings              | -                    | 1,591.48         | -                    | 1,729.34         | -                   | 2,670.83         |
| Trade payables                      | -                    | 3,049.88         | -                    | 2,971.25         | -                   | 2,005.19         |
| Other current financial liabilities | -                    | 2,216.95         | -                    | 2,563.19         | -                   | 2,546.46         |
|                                     | <b>-</b>             | <b>10,516.26</b> | <b>-</b>             | <b>10,888.89</b> | <b>-</b>            | <b>11,607.80</b> |

The carrying amounts of the abovementioned financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### Financial risk management

(₹ in lakhs)

The Company has exposure to the following risks arising from financial instruments:- credit risk;- liquidity risk; and- market risk.

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the President of the Company. More than 60 % of the Company's customers have been transacting with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of credit loss allowances of trade receivables is ₹ 2779.42 (March 31, 2017 - ₹ 2437.27, April 1, 2016 - ₹ 2624.94).

#### Ageing of trade receivables are as under:

| Particulars          | Less than 6 months | 6-12 months | More than 12 months | Total    |
|----------------------|--------------------|-------------|---------------------|----------|
| As at March 31, 2018 | 2,217.03           | 109.39      | 600.84              | 2,927.26 |
| As at March 31, 2017 | 1,988.31           | 170.30      | 441.96              | 2,600.57 |
| As at April 1, 2016  | 2,250.94           | 122.85      | 381.25              | 2,755.04 |

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### Reconciliation of loss allowance provision - Trade receivables:

|                           | 31, March<br>2018 | 31, March<br>2017 | 1 April,<br>2016 |
|---------------------------|-------------------|-------------------|------------------|
| Opening balance           | (973.20)          | (939.97)          | (939.97)         |
| Changes in loss allowance | 15.49             | (33.22)           | -                |
| Closing balance           | <u>(957.71)</u>   | <u>(973.20)</u>   | <u>(939.97)</u>  |

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### (a) Financing arrangements

The Company has bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

### (b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

| Particulars                                 | Carrying<br>Amounts<br>March 31,<br>2018 | Contractual cash flows |                 |                 |               |                      |
|---------------------------------------------|------------------------------------------|------------------------|-----------------|-----------------|---------------|----------------------|
|                                             |                                          | Total                  | 0- 1 Year       | 1-3 years       | 3-5 years     | More than<br>5 years |
| <b>Non-derivative financial liabilities</b> |                                          |                        |                 |                 |               |                      |
| Borrowings                                  | 4,968.59                                 | 4,968.59               | 1,310.64        | 2,873.30        | 784.65        | -                    |
| Short term borrowings                       | 1,591.48                                 | 1,591.48               | 1,591.48        | -               | -             | -                    |
| Trade payables                              | 3,049.88                                 | 3,049.88               | 3,049.88        | -               | -             | -                    |
| Other current financial liabilities         | 906.30                                   | 906.30                 | 906.30          | -               | -             | -                    |
| <b>Total non-derivative liabilities</b>     | <b>10,516.25</b>                         | <b>10,516.25</b>       | <b>6,858.30</b> | <b>2,873.30</b> | <b>784.65</b> | <b>-</b>             |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                 | Carrying Amounts<br>March 31,<br>2017 | Contractual cash flows |                 |                 |               |                   |
|---------------------------------------------|---------------------------------------|------------------------|-----------------|-----------------|---------------|-------------------|
|                                             |                                       | Total                  | 0- 1 Year       | 1-3 years       | 3-5 years     | More than 5 years |
| <b>Non-derivative financial liabilities</b> |                                       |                        |                 |                 |               |                   |
| Borrowings                                  | 5,283.62                              | 5,283.62               | 1,658.51        | 3,399.30        | 225.81        | -                 |
| Short term borrowings                       | 1,729.35                              | 1,729.35               | 1,729.35        | -               | -             | -                 |
| Trade payables                              | 2,971.25                              | 2,971.25               | 2,971.25        | -               | -             | -                 |
| Other current financial liabilities         | 904.68                                | 904.68                 | 904.68          | -               | -             | -                 |
| <b>Total non-derivative liabilities</b>     | <b>10,888.90</b>                      | <b>10,888.90</b>       | <b>7,263.79</b> | <b>3,399.30</b> | <b>225.81</b> | <b>-</b>          |

  

| Particulars                                 | Carrying Amounts<br>March 31,<br>2016 | Contractual cash flows |                 |                 |                 |                   |
|---------------------------------------------|---------------------------------------|------------------------|-----------------|-----------------|-----------------|-------------------|
|                                             |                                       | Total                  | 0- 1 Year       | 1-3 years       | 3-5 years       | More than 5 years |
| <b>Non-derivative financial liabilities</b> |                                       |                        |                 |                 |                 |                   |
| Borrowings                                  | 6,076.26                              | 6,076.26               | 1,690.93        | 3,365.10        | 1,020.23        | -                 |
| Short term borrowings                       | 2,670.83                              | 2,670.83               | 2,670.83        | -               | -               | -                 |
| Trade payables                              | 2,572.44                              | 2,572.44               | 2,572.44        | -               | -               | -                 |
| Other current financial liabilities         | 944.59                                | 944.59                 | 944.59          | -               | -               | -                 |
| <b>Total non-derivative liabilities</b>     | <b>12,264.12</b>                      | <b>12,264.12</b>       | <b>7,222.48</b> | <b>3,365.10</b> | <b>1,020.23</b> | <b>-</b>          |

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for liquidity / credit management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

#### iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives like forward contracts to manage market risks on account of foreign exchange. All such transactions are carried out within the guidelines set by the Board of Directors.

#### v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

Currency risks related to the principal amounts of the Company's foreign currency payables, have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

|                                                     | As at March 31, 2018 |             | As at March 31, 2017 |             | As at April 1, 2016 |             |
|-----------------------------------------------------|----------------------|-------------|----------------------|-------------|---------------------|-------------|
|                                                     | USD                  | EUR         | USD                  | EUR         | USD                 | EUR         |
| <b>Financial assets</b>                             |                      |             |                      |             |                     |             |
| Trade receivables                                   | 10.80                | -           | 7.20                 | -           | 11.15               | -           |
| Other payables                                      | 1.06                 | 3.40        | 0.91                 | 3.39        | 1.78                | 3.40        |
| <b>Net statement of financial position exposure</b> | <b>11.86</b>         | <b>3.40</b> | <b>8.11</b>          | <b>3.39</b> | <b>12.93</b>        | <b>3.40</b> |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The following significant exchange rates have been applied:

(₹ in lakhs)

|       | Average Rates  |                | Year end spot rates |                |               |
|-------|----------------|----------------|---------------------|----------------|---------------|
|       | March 31, 2018 | March 31, 2017 | March 31, 2018      | March 31, 2017 | April 1, 2016 |
| USD 1 | 64.33          | 64.43          | 65.04               | 64.84          | 66.33         |
| EUR 1 | 79.31          | 79.41          | 80.62               | 69.25          | 75.10         |

### Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2018 and March 31, 2017, the Company's borrowings at variable rate were denominated in Indian Rupees.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

|                                  | Nominal Amount |                |               |
|----------------------------------|----------------|----------------|---------------|
|                                  | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Fixed-rate instruments</b>    |                |                |               |
| Financial liabilities            | 4,803.50       | 5,428.87       | 5,247.99      |
|                                  | 4,803.50       | 5,428.87       | 5,247.99      |
| <b>Variable-rate instruments</b> |                |                |               |
| Financial liabilities            | 1,884.05       | 1,890.47       | 2,419.72      |
|                                  | 1,884.05       | 1,890.47       | 2,419.72      |

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

|                              | Profit or loss |                | Equity, net of tax |                |
|------------------------------|----------------|----------------|--------------------|----------------|
|                              | 50 bp increase | 50 bp decrease | 50 bp increase     | 50 bp decrease |
| <b>March 31, 2018</b>        |                |                |                    |                |
| Variable-rate instruments    | 9.42           | (9.42)         | 9.42               | (9.42)         |
| <b>Cash flow sensitivity</b> | <b>9.42</b>    | <b>(9.42)</b>  | <b>9.42</b>        | <b>(9.42)</b>  |
| <b>March 31, 2017</b>        |                |                |                    |                |
| Variable-rate instruments    | 9.45           | (9.45)         | 9.45               | (9.45)         |
| <b>Cash flow sensitivity</b> | <b>9.45</b>    | <b>(9.45)</b>  | <b>9.45</b>        | <b>(9.45)</b>  |

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### 36 First Time Adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS statement of financial position at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### A. Ind AS optional exemptions

(₹ in lakhs)

#### (i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### (ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

#### (iii) Business Combinations

As per Ind-AS 101, at the date of transition, an entity may elect not to apply Ind-AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind-AS). The Group has opted not to apply Ind-AS 103 retrospectively to past business combinations that occurred before the date of transition to Ind-AS. The same exemption has applied by the Group for its past acquisition of interests in joint ventures. In accordance with Ind-AS 101, the Group has tested goodwill for impairment at the date of transition to Ind-AS. No goodwill impairment was deemed necessary at April 1, 2106 the transition date.

### B. Ind AS mandatory exceptions

#### (i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

#### (ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

## Reconciliation of equity:

| Particulars                             | Notes to first-time adoption | As at April 1, 2016 |               |                  | As at March 31, 2017 |               |                  |
|-----------------------------------------|------------------------------|---------------------|---------------|------------------|----------------------|---------------|------------------|
|                                         |                              | Previous GAAP*      | Adjustments   | Ind AS           | Previous GAAP*       | Adjustments   | Ind AS           |
| <b>ASSETS</b>                           |                              |                     |               |                  |                      |               |                  |
| <b>Non-current Assets</b>               |                              |                     |               |                  |                      |               |                  |
| Property, Plant and Equipment           | 8                            | 7,796.00            | 873.21        | 8,669.21         | 9,843.09             | 874.68        | 10,717.77        |
| Capital work-in-progress                |                              | 335.78              | -             | 335.78           | 35.88                | -             | 35.88            |
| Other Intangible Assets                 |                              | 36.01               | -             | 36.01            | 29.78                | -             | 29.78            |
| Goodwill on Consolidation               | 8                            | 1,965.79            | (5.58)        | 1,960.21         | -                    | -             | -                |
| Foreign Currency Translation Reserve    |                              | 294.31              | -             | 294.31           | -                    | -             | -                |
| <b>Financial Assets</b>                 |                              |                     |               |                  |                      |               |                  |
| (i) Investment                          | 8                            | 726.03              | (726.02)      | 0.01             | 725.02               | (725.01)      | 0.01             |
| (ii) Other Non-Current Financial Assets |                              | 236.63              | -             | 236.63           | 231.72               | -             | 231.72           |
| Other Non-current Assets                |                              | 515.18              | -             | 515.18           | 199.80               | -             | 199.80           |
| <b>Current Assets</b>                   |                              |                     |               |                  |                      |               |                  |
| Inventories                             | 8                            | 2,928.53            | 419.26        | 3,347.79         | 3,991.99             | 403.85        | 4,395.84         |
| <b>Financial assets</b>                 |                              |                     |               |                  |                      |               |                  |
| (i) Trade Receivables                   | 3,8                          | 2,720.93            | (95.99)       | 2,624.94         | 2,579.95             | (142.68)      | 2,437.27         |
| (ii) Cash and Cash Equivalents          | 8                            | 173.47              | 3.99          | 177.46           | 130.80               | 8.56          | 139.36           |
| (iii) Other Current Financial Assets    | 8                            | 3,634.86            | (363.76)      | 3,271.10         | 1,410.55             | 190.57        | 1,601.12         |
| Current Tax Assets (Net)                | 8                            | 178.36              | 24.57         | 202.93           | 121.66               | 24.57         | 146.23           |
| Other Current Assets                    |                              | 366.22              | -             | 366.22           | 393.18               | -             | 393.18           |
| <b>TOTAL ASSETS</b>                     |                              | <b>21,908.10</b>    | <b>129.68</b> | <b>22,037.78</b> | <b>19,693.43</b>     | <b>634.53</b> | <b>20,327.96</b> |

| Particulars                         | Notes to first-time adoption | As at April 1, 2016 |               |                  | As at March 31, 2017 |               |                  |
|-------------------------------------|------------------------------|---------------------|---------------|------------------|----------------------|---------------|------------------|
|                                     |                              | Previous GAAP*      | Adjustments   | Ind AS           | Previous GAAP*       | Adjustments   | Ind AS           |
| <b>EQUITY AND LIABILITIES</b>       |                              |                     |               |                  |                      |               |                  |
| <b>Equity</b>                       |                              |                     |               |                  |                      |               |                  |
| Equity Share Capital                | 7,8                          | 3,521.49            | (1,666.58)    | 1,854.91         | 3,639.22             | (1,484.31)    | 2,154.91         |
| Other Equity                        | 1, 7,8                       | 4,545.35            | 1,582.04      | 6,127.39         | 4,643.62             | 799.94        | 5,443.56         |
| <b>LIABILITIES</b>                  |                              |                     |               |                  |                      |               |                  |
| <b>Non-current Liabilities</b>      |                              |                     |               |                  |                      |               |                  |
| <b>Financial Liabilities</b>        |                              |                     |               |                  |                      |               |                  |
| (i) Borrowings                      | 1,8                          | 4,830.63            | (445.30)      | 4,385.33         | 3,486.18             | 138.93        | 3,625.11         |
| Provisions                          |                              | 296.98              | -             | 296.98           | 339.46               | -             | 339.46           |
| <b>Current Liabilities</b>          |                              |                     |               |                  |                      |               |                  |
| <b>Financial Liabilities</b>        |                              |                     |               |                  |                      |               |                  |
| (i) Borrowings                      |                              | 2,670.83            | -             | 2,670.83         | 1,729.35             | -             | 1,729.35         |
| (ii) Trade Payables                 | 8                            | 2,964.58            | (392.14)      | 2,572.44         | 2,997.00             | (25.75)       | 2,971.25         |
| (iii) Other Financial Liabilities   | 8                            | 2,647.19            | (11.67)       | 2,635.52         | 2,359.03             | 204.16        | 2,563.19         |
| Other Current Liabilities           |                              | 20.31               |               | 20.31            | 15.19                | -             | 15.19            |
| Provisions                          | 8                            | 410.74              | 1,063.33      | 1,474.07         | 484.38               | 1,001.56      | 1,485.94         |
| <b>TOTAL EQUITY AND LIABILITIES</b> |                              | <b>21,908.10</b>    | <b>129.68</b> | <b>22,037.78</b> | <b>19,693.43</b>     | <b>634.53</b> | <b>20,327.96</b> |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

| Particulars                                                                   | Notes to first-time adoption | Previous GAAP*    | Adjustments     | Ind AS            |
|-------------------------------------------------------------------------------|------------------------------|-------------------|-----------------|-------------------|
| <b>Revenue</b>                                                                |                              |                   |                 |                   |
| Revenue from operations                                                       |                              | 23,572.94         | 25.87           | 23,598.81         |
| Other income                                                                  |                              | 1,014.45          | 0.01            | 1,014.46          |
| <b>Total income</b>                                                           |                              | <b>24,587.39</b>  | <b>25.88</b>    | <b>24,613.27</b>  |
| <b>Expenses</b>                                                               |                              |                   |                 |                   |
| Cost of materials consumed                                                    |                              | 13,457.50         | -               | 13,457.50         |
| Purchases of Stock in Trade                                                   |                              | 520.21            | (0.89)          | 519.32            |
| Changes in inventories of finished goods, stock-in-Trade and work-in-progress |                              | (665.11)          | 15.41           | (649.70)          |
| Employee benefits expense                                                     | 2                            | 3,111.29          | 20.65           | 3,131.94          |
| Finance costs                                                                 | 1                            | 929.53            | 138.93          | 1,068.46          |
| Depreciation and amortization expense                                         |                              | 818.90            | -               | 818.90            |
| Other expenses                                                                | 3                            | 5,460.31          | 36.73           | 5,497.04          |
| <b>Total Expenses</b>                                                         |                              | <b>23,632.63</b>  | <b>210.83</b>   | <b>23,843.46</b>  |
| <b>Profit/(loss) before exceptional items and tax</b>                         |                              | <b>954.76</b>     | <b>(184.95)</b> | <b>769.81</b>     |
| Exceptional Item                                                              |                              | 2,692.72          | 8.21            | 2,700.93          |
| <b>Profit/ (loss) before tax</b>                                              |                              | <b>(1,737.96)</b> | <b>(193.16)</b> | <b>(1,931.12)</b> |
| <b>Tax expense:</b>                                                           |                              |                   |                 |                   |
| Current tax                                                                   |                              | 0.04              | -               | 0.04              |
| <b>Profit/ (loss) for the period (A)</b>                                      |                              | <b>(1,738.00)</b> | <b>(193.16)</b> | <b>(1,931.16)</b> |
| Other comprehensive income                                                    |                              |                   |                 |                   |
| Items that will not be reclassified to profit or loss                         |                              |                   |                 |                   |
| Remeasurement of defined benefit plans                                        | 2                            | -                 | 20.65           | 20.65             |
| <b>Total other comprehensive income for the period (B)</b>                    |                              | <b>-</b>          | <b>20.65</b>    | <b>20.65</b>      |
| <b>Total comprehensive income for the period (A + B)</b>                      |                              | <b>(1,738.00)</b> | <b>(172.51)</b> | <b>(1,910.51)</b> |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of Other equity as at March 31, 2017 and April 1, 2016:

| Particulars                                                                                                            | Notes to first-time adoption | March 31, 2017  | April 1, 2016   |
|------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------|-----------------|
| <b>Other Equity (Reserves &amp; Surplus) as per previous GAAP</b>                                                      |                              | <b>4,643.62</b> | <b>4,545.35</b> |
| <b>Adjustments:</b>                                                                                                    |                              |                 |                 |
| Impact of fair value changes of Interest Free Loan (Net of Tax)                                                        | 1                            | 306.37          | 445.30          |
| Provision for Expected Credit Loss (ECL)                                                                               | 3                            | (163.32)        | (130.10)        |
| Adjustment on account of reclassification of Associate as Subsidiary                                                   | 8                            | (827.42)        | (399.75)        |
| 9% Optionally Convertible Cumulative Redeemable Preference Share of 10 each Classified as other equity till conversion |                              | 1,484.31        | 1,666.58        |
| <b>Total adjustments</b>                                                                                               |                              | <b>799.94</b>   | <b>1,582.04</b> |
| <b>Other Equity as per Ind AS</b>                                                                                      |                              | <b>5,443.56</b> | <b>6,127.39</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

### Reconciliation of total comprehensive income for the year ended March 31, 2017:

| Particulars                                                          | Notes to first-time adoption | Amount            |
|----------------------------------------------------------------------|------------------------------|-------------------|
| Profit after tax under India GAAP                                    |                              | (1,738.00)        |
| <b>Adjustments</b>                                                   |                              |                   |
| Impact of fair value changes of Interest Free Loan (Net of Tax)      | 1                            | (138.93)          |
| Provision for Expected Credit Loss (ECL)                             | 3                            | (33.22)           |
| Adjustment on account of reclassification of Associate as Subsidiary | 8                            | 0.64              |
| Actuarial (Gain)/ Loss on defined benefit plan                       | 2                            | (20.65)           |
| <b>Total adjustments</b>                                             |                              | <b>(192.16)</b>   |
| <b>Profit after tax as per Ind AS</b>                                |                              | <b>(1,931.16)</b> |

### Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2017:

| Particulars                                          | Notes to first-time adoption | Previous GAAP* | Adjustments | Ind AS         |
|------------------------------------------------------|------------------------------|----------------|-------------|----------------|
| Net cash flow from operating activities              | 8                            | 3,601.19       | 4.56        | 3,605.75       |
| Net cash flow from investing activities              |                              | (2,022.38)     | -           | (2,022.38)     |
| Net cash flow from financing activities              |                              | (1,621.47)     | -           | (1,621.47)     |
| Net increase/(decrease) in cash and cash equivalents |                              | <b>(42.67)</b> | <b>4.56</b> | <b>(38.11)</b> |
| Cash and cash equivalents as at April 1, 2016        | 8                            | 173.47         | 3.99        | 177.46         |
| Cash and cash equivalents as at March 31, 2017       |                              | <b>130.80</b>  | <b>8.55</b> | <b>139.35</b>  |

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

#### D. Notes to first-time adoption:

##### 1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss and PPE as and when incurred. Accordingly, borrowings as at March 31, 2017 have been reduced by ₹445.30 (April 1, 2016 - ₹306.37) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount of retained earning. The profit for the year ended March 31, 2017 reduced by ₹138.93 as a result of the additional interest expense.

##### 2 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurement i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by ₹20.65. There is no impact on the total equity as at 31 March 2017.

##### 3 Expected Credit Losses

Ind AS 109 requires to compute expected credit losses on all financial assets, at the time of origination and at the time of every reporting date. These provision are recognised in the Statement of Profit and Loss as lifetime expected credit losses. Under Previous GAAP, no provision has been made and charged to Statement of Profit and Loss. Accordingly, Trade Receivables as at March 31, 2017 have been reduced by ₹130.10 (April 1, 2016- ₹163.32) with a corresponding adjustment to retained earnings. The total equity decreased by an equivalent amount of retained earning. The profit for the year ended March 31, 2017 reduced by ₹33.22 as a result of the additional expense.

##### 4 Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

##### 5 Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

## 7 Preference shares

Preference shares are Optionally Convertible Cumulative Redeemable Preference Share (OCCRPS) therefore the same has been considered as other equity till conversion.

## 8 Reclassification

In view of change in the definition of control as per IND AS 110 "Consolidated Financial Statements", companies which were earlier considered as associates for consolidated financial statements has now been reclassified as subsidiaries in consolidated financial statements.

- 37 a. Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.  
b. Realisable value of current assets, deposits, loans and advances in the ordinary course of business will be at least equal to the amount at which they have been stated in the financial statements.  
c. Some of the fixed deposits and bank accounts are subject to confirmations though reconciled with available bank statements. Some of the secured loans are also subject to confirmations though reconciled with bank statements.

- 38 The Optionally Converted Cumulative Redeemable Preference Share (OCCRPS) of ₹213.15 held by Kotak Mahindra Bank Ltd were surrendered by them in terms of OTS and same were cancelled and credited to Retained Earnings.

- 39 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed. Due to loss in current year and stress on cash flows, the Company has not incurred any expenses on CSR during the year.

## 40 Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Textile" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

## 41 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

| Particulars                                  | March 31, 2018   | March 31, 2017   | April 1, 2016    |
|----------------------------------------------|------------------|------------------|------------------|
| Equity Share Capital                         | 2,411.73         | 2,154.91         | 1,854.91         |
| Other Equity                                 | 5,139.41         | 5,443.56         | 6,127.39         |
| <b>Total Equity</b>                          | <b>7,551.14</b>  | <b>7,598.47</b>  | <b>7,982.30</b>  |
| Non-Current Borrowings                       | 3,657.95         | 3,625.11         | 4,385.33         |
| Current maturities of Non-Current Borrowings | 1,310.64         | 1,658.51         | 1,690.93         |
| Current Borrowings                           | 1,591.48         | 1,729.35         | 2,670.83         |
| <b>Total Debts</b>                           | <b>6,560.06</b>  | <b>7,012.97</b>  | <b>8,747.09</b>  |
| Less: Cash & Cash Equivalents                | 148.48           | 139.36           | 177.46           |
| <b>Net Debts</b>                             | <b>6,411.58</b>  | <b>6,873.61</b>  | <b>8,569.63</b>  |
| <b>Capital &amp; Net Debts</b>               | <b>13,962.72</b> | <b>14,472.08</b> | <b>16,551.93</b> |
| <b>Debts Equity Ratio</b>                    | <b>0.87</b>      | <b>0.92</b>      | <b>1.10</b>      |
| <b>Capital Gearing Ratio</b>                 | <b>46%</b>       | <b>47%</b>       | <b>52%</b>       |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

## 42 Other Disclosures:

- a. The Consolidated Financial Statements include the accounts of Pioneer Embroideries Limited (Parent Company) and its subsidiaries as detailed below:

| Particulars            | Country of Incorporation | March 31, 2018 | March 31, 2017 |
|------------------------|--------------------------|----------------|----------------|
| Hakoba Lifestyle Ltd   | India                    | 100%           | 100%           |
| Pioneer Realty Limited | India                    | 100%           | 100%           |
| Crystal Lace (I) Ltd   | India                    | 45%            | 45%            |

## 43 Earning per Equity Share:

| Particulars                                                          | March 31, 2018 | March 31, 2017 |
|----------------------------------------------------------------------|----------------|----------------|
| Net Profit / (Loss) for the year                                     | (605.49)       | (1,931.16)     |
| Weighted Average Number of Equity Shares of ₹10 each (fully paid-up) | 2,27,57,201    | 2,00,12,108    |
| - Basic (₹)                                                          | (2.60)         | (9.65)         |
| - Diluted (₹)                                                        | (2.60)         | (9.65)         |

Since diluted earnings per share is increased when taking the preference shares into account, the preference shares are anti-dilutive and are ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share is ₹(2.60).

As per our Report of even date

For **S. K. Naredi & Co.**

Chartered Accountants

(Firm's Registration No.: 003333C)

For & on behalf of the Board

**RAHUL NAREDI**

Partner

Membership Number:302632

**HARSH VARDHAN BASSI**

Managing Director

DIN : 00102941

**RAJ KUMAR SEKHANI**

Chairman

DIN : 00102843

**NAWAL SHARMA**

Chief Financial Officer

**AMI THAKKAR**

Company Secretary

**Place:** Mumbai

**Date:** 28<sup>th</sup> May, 2018

Annexure A

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries :

Part "A": Subsidiaries

(₹ in lakhs)

| Sr. No. | Particulars                                    | Name of Subsidiary    |                      |                       |
|---------|------------------------------------------------|-----------------------|----------------------|-----------------------|
|         |                                                | Hakoba Lifestyle Ltd. | Pioneer Reality Ltd. | Crystal Lace (I) Ltd. |
| (a)     | Reporting Period                               | April to March        | April to March       | April to March        |
| (b)     | Reporting Currency                             | INR                   | INR                  | INR                   |
| (c)     | Share Capital                                  | 484.63                | 5.00                 | 987.08                |
| (d)     | Reserve & Surplus                              | (102.82)              | (7.30)               | (680.56)              |
| (e)     | Total Assets                                   | 918.69                | 0.30                 | 1,524.59              |
| (f)     | Total Liabilities                              | 536.88                | 2.60                 | 1,218.07              |
| (g)     | Investment other than Investment in Subsidiary | -                     | -                    | -                     |
| (h)     | Turnover                                       | 6.85                  | -                    | 26.58                 |
| (i)     | Profit/(Loss) before Taxation                  | 2.90                  | (0.30)               | (19.67)               |
| (j)     | Provision for Taxation                         | -                     | -                    | 3.12                  |
| (k)     | Profit/(Loss) after Taxation                   | 2.90                  | (0.30)               | (22.79)               |
| (l)     | Proposed Dividend                              | -                     | -                    | -                     |
| (m)     | % of shareholding                              | -                     | -                    | -                     |







PIONEER GROUP

## PIONEER EMBROIDERIES LIMITED

CIN: L17291MH1991PLC063752

Regd. Office: Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate,

Off. New Link Road, Andheri (West), Mumbai- 400 058.

Tel.:91-22-42232323/ Tele-Fax: 91-22-42232313

Email: mumbai@pelhakoba.com website: www.pelhakoba.com

### ATTENDANCE SLIP

|                                                     |  |
|-----------------------------------------------------|--|
| Folio No. /DP ID/Client ID No.                      |  |
| Name And Address of Member(s)<br>(in Block Letters) |  |
| Joint Holders                                       |  |
| No. of Shares Held                                  |  |
| Name of proxyholder<br>(if applicable)              |  |

I/We record my/our presence at the Twenty Sixth Annual General Meeting to be held on Monday, the 20<sup>th</sup> August, 2018 at The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai- 400064 at 9.30a.m.

Signature of Shareholder (s):\_\_\_\_\_

Signature of Proxy(s):\_\_\_\_\_

**NOTE:** You are requested to sign and handover this slip at the entrance of the meeting venue.

### ELECTRONIC VOTING PARTICULARS

| Electronic Voting Sequence Number (EVSN) | *Default PAN / Sequence No |
|------------------------------------------|----------------------------|
| 180091                                   |                            |

***\*Only member who have not updated their PAN with Company/Depository Participant shall use default PAN in the Pan filed.***

Note: please read the instructions printed under the Note No. 17 to the Notice of 26<sup>th</sup> Annual General Meeting. The Voting period starts from 09.00 a.m. on Friday, August 17, 2018 and ends at 5.00 p.m on Sunday, August 19, 2018. The voting module shall be disabled by Link Intime for voting thereafter.

**PIONEER EMBROIDERIES LIMITED**

CIN: L17291MH1991PLC063752

Regd. Office: Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6, Dalia Industrial Estate,

Off. New Link Road, Andheri (West), Mumbai- 400 058.

Tel.:91-22-42232323/ Tele-Fax: 91-22-42232313

Email: mumbai@pelhakoba.com website: www.pelhakoba.com

**PROXY FORM****Form No. MGT-11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

|                           |  |
|---------------------------|--|
| Name of the member (s)    |  |
| Registered address        |  |
| E-mail Id                 |  |
| Folio No/ DP ID/Client ID |  |

I/We, being the member (s) of Pioneer Embroideries Limited holding \_\_\_\_\_ shares of the Company, hereby appoint

|    |           |  |
|----|-----------|--|
| 1. | Name      |  |
|    | Address   |  |
|    | Email Id  |  |
|    | Signature |  |

or failing him

|    |           |  |
|----|-----------|--|
| 2. | Name      |  |
|    | Address   |  |
|    | Email Id  |  |
|    | Signature |  |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting to be held on Monday, the 20<sup>th</sup> August, 2018 at The Goregaon Sports Club, Ground Floor, West Hall 'A' Block, Link Road, Malad (West), Mumbai-400064 at 9.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution. No. | RESOLUTIONS                                                                                                                                                                                            | For | Against |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1.              | Adoption of the Audited Financial Statements and Consolidated Financial Statements for the Financial year ended 31 <sup>st</sup> March, 2018 and the Report of the Directors and the Auditors thereon. |     |         |
| 2.              | Re-appointment of Mr. Raj Kumar Sekhani (DIN:0102843), who retires by rotation.                                                                                                                        |     |         |
| 3.              | Ratify the Appointment of M/s. S K Naredi & Co. (ICAI Regn. No. 003333C), Chartered Accountants as Statutory Auditors for the Financial Year 2018-19 and to fix their remuneration.                    |     |         |
| 4.              | To approve "Pioneer Embroideries Limited Employee Stock Option Plan 2018".                                                                                                                             |     |         |
| 5.              | To approve "Pioneer Embroideries Limited Employee Stock Option Plan 2018" - Holding Company and/or Subsidiary Company(ies).                                                                            |     |         |
| 6.              | Re-appointment and Payment of Remuneration of the Cost Auditors M/s. Vipul Bhardwaj & Co. for the Financial Year ending 31 <sup>st</sup> March 2019.                                                   |     |         |

Signed this..... day of.....2018.

Signature of Shareholder(s): \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp of  
₹1/-

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**Embroidery & Bobbin Lace Unit**  
**Sarigam, Gujarat**



**Embroidery & Bobbin Lace Unit**  
**Coimbatore, Tamilnadu**







**SILKOLITE**  
Scale to Value....

**hakoba**  
SINCE 1960  
*Embroidery beyond your imagination*

*If undelivered, please return to :*

**PIONEER EMBROIDERIES LIMITED**

... a stitch ahead of time

**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

Tel.: 91-22-4223 2323 • Fax : 91-22-4223 2313

Website : [www.pelhakoba.com](http://www.pelhakoba.com) • [www.silkolite.com](http://www.silkolite.com) • [www.hakoba.in](http://www.hakoba.in)

E-mail : [mumbai@pelhakoba.com](mailto:mumbai@pelhakoba.com)

CIN: L17291MH1991PLC063752