

# ANNUAL REPORT 2015 - 2016



## Pearl Global Industries Limited





**Board of Directors**

Mr. Deepak Seth	-	Chairman
Mr. Pulkit Seth	-	Vice- Chairman & Managing Director
Mrs. Shefali Seth	-	Whole-Time Director
Mr. Vinod Vaish	-	Whole-Time Director
Mr. S.B. Mohapatra	-	Non-executive Independent Director
Mr. Chittranjan Dua	-	Non-executive Independent Director
Mr. Rajendra K Aneja	-	Non-executive Independent Director
Mr. Anil Nayar	-	Non-executive Independent Director

**Company Secretary**

Mr. Sandeep Sabharwal

**Audit Committee**

Mr. Anil Nayar	-	Chairman
Mr. Vinod Vaish	-	Member Director
Mr. S.B. Mohapatra	-	Member Director

**Nomination and Remuneration Committee**

Mr. S.B. Mohapatra	-	Chairman
Mr. Rajendra K Aneja	-	Member Director
Mr. Anil Nayar	-	Member Director

**Stakeholder Relationship Committee**

Mr. S.B. Mohapatra	-	Chairman
Mr. Pulkit Seth	-	Member Director
Mr. Vinod Vaish	-	Member Director

**Corporate Social Responsibility Committee**

Mr. Vinod Vaish	-	Chairman
Mr. Pulkit Seth	-	Member Director
Mr. Anil Nayar	-	Member Director

**Auditors**

M/s S.R. Dinodia & Co. LLP  
Chartered Accountants  
K-39, Connaught Place  
New Delhi-110001

**Registered Office**

"Pearl House"  
A-3, Community Centre  
Naraina Industrial Area, Phase-II  
New Delhi-110028

**Bankers**

Punjab National Bank  
Standard Chartered Bank  
UCO Bank  
Bank of Baroda

**Corporate Office**

Plot No. 51, Sector-32  
Gurgaon-122001(Haryana)

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# Notice

Registered Office: A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028

Corp. Office: Plot No.51, Sector-32, Gurgaon-122001(Haryana)

Tel: 0124-4651000, Fax: 0124-4651010, Website: [www.pearlglobal.com](http://www.pearlglobal.com); e-mail: investor.pgil@pearlglobal.com

CIN: L74899DL1989PLC036849

## NOTICE TO MEMBERS

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of the Pearl Global Industries Limited, will be held on Tuesday, 27<sup>th</sup> September, 2016 at 10:30 A.M. at Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel), Lodhi Road, New Delhi-110 003, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Standalone Financial Statements and audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016, together with the Reports of Directors and Auditors thereon.
2. To declare final dividend on equity shares for the year ended 31<sup>st</sup> March, 2016.
3. To appoint a Director in place of Mrs. Shefali Seth, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Vinod Vaish, who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the appointment of M/s S. R. Dinodia & Co. LLP. Chartered Accountants, (Regn. No. 001478N/N500005), New Delhi, as Statutory Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

#### 6. TO RE-APPOINT MR. PULKIT SETH (DIN 00003044) AS MANAGING DIRECTOR

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

“RESOLVED That pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), and subject to approval of Central Government, if required, consent of the Company be and is hereby accorded to

the re-appointment and payment of remuneration to Mr. Pulkit Seth, Managing Director of the Company for a period of three (3) years commencing from 1<sup>st</sup> June, 2016 on the terms and conditions including remuneration as set out below, with liberty to the Board of Directors including any Committee thereof to alter and vary the terms and conditions and / or remuneration.”

“RESOLVED FURTHER THAT Mr. Pulkit Seth will be entitled for the following remuneration as Managing Director of the Company:

Salary : Rs.8.35 Lacs per month.

Car : A Company maintained car for official purpose.

Mobile / Telephone : A mobile for official purpose.

Provident Fund & Gratuity : As per Company's rules.

“RESOLVED FURTHER THAT Mr. Pulkit Seth, Managing Director shall not only manage the day-to-day affairs of the Company but shall also carry out all duties and functions subject to the supervision, control and directions of the Board of Directors of the Company and shall perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### 7. REVISION IN REMUNERATION OF MR. VINOD VAISH (DIN01945795) AS WHOLE-TIME DIRECTOR

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

“RESOLVED THAT in partial modification of earlier Resolution passed by the shareholders at the 26<sup>th</sup> Annual General Meeting of the Company held on 22<sup>nd</sup> September, 2015 and pursuant to the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), and subject to approval of Central Government, if required,

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consent of the company be and is hereby accorded to increase the payment of remuneration of Mr. Vinod Vaish, Whole-time Director of the Company with effect from 1<sup>st</sup> October, 2015 till 18<sup>th</sup> October, 2016 as set out below.

Particulars	(Amount in ₹)
Basic Pay	59,730/-
House Rent Allowance	29,860/-
Special Allowance	16,168/-
Medical Allowance	1,250/-
Provident Fund & Gratuity	As per Company's rules

He will be provided a Company maintained Car and a mobile phone for official purpose, and also be entitled for reimbursement of actual business expenses.

“RESOLVED FURTHER THAT Mr. Vinod Vaish, Whole-time Director shall be responsible for affairs of the Company with special focus on HR & Administration functions of the Company and also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to this Resolution.”

### 8. TO RE-APPOINT MR. VINOD VAISH (DIN 01945795) AS WHOLE-TIME DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), and subject to approval of Central Government, if required, Mr. Vinod Vaish be and is hereby re-appointed as Whole-time Director of the Company for a further period of two years commencing from 19<sup>th</sup> October, 2016.”

“RESOLVED FURTHER THAT Mr. Vinod Vaish will

be entitled for the following remuneration per month as Whole-Time Director of the Company:

Particulars	(Amount in ₹)
Basic Pay	59,730/-
House Rent Allowance	29,860/-
Special Allowance	16,168/-
Medical Allowance	1,250/-
Provident Fund & Gratuity	As per Company's rules

He will be provided a Company maintained Car and a mobile phone for official purpose, and also be entitled for reimbursement of actual business expenses.

“RESOLVED FURTHER THAT Mr. Vinod Vaish, Whole-time Director shall be responsible for affairs of the Company with special focus on HR & Administration functions of the Company and also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to this Resolution.”

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

“RESOLVED THAT pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the consent of the Audit Committee and the Board of Directors, the consent of the Company be and is hereby accorded for entering into contract or arrangement with the related parties as defined under the Act and the Rules made there under, namely Norp Knit Industries Limited, PT Pinnacle Apparels, Pearl Global (HK) Limited, Pearl Global Fareast Limited, Lerros Fashions India Limited, Multinational Textile Group Limited, PDS Multinational Fashions Limited, DSSP Global Limited, Pearl Tiger HK Limited, Nor Delhi Manufacturing Limited, PG Group Limited, Norwest Industries Limited, Poeticgem Limited, Nor Lanka Manufacturing Limited, Zamira Fashion Limited, Gem Australia Manufacturing Limited and Simple Approach Limited, as per details and terms & conditions as set out under the Explanatory Statement annexed to this Notice.”

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“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

By order of the Board of Directors  
for PEARL GLOBAL INDUSTRIES LIMITED

Place: Gurgaon.  
Date: August 12, 2016

(Sandeep Sabharwal)  
Company Secretary

## NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE COMPANY’S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.**
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 20<sup>th</sup> September, 2016 to Tuesday, the 27<sup>th</sup> September 2016 (both days inclusive).
- The relevant Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of re-appointment (s) of Directors are mentioned below.
- Members/Proxies are requested to bring their attendance slip along with copy of Annual Report to the Meeting and are requested not to bring any article, briefcase, hand bag, carry bag etc., as the same will not be allowed to be taken inside for the security reasons. Further, the Company or any of its officials shall not be responsible for their articles, bags etc., being misplaced, stolen or damaged at the Meeting place.
- Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those hold shares in Physical forms are requested to write their Folio Number in the attendance slip for attending the meeting.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Corporate members intending to send their authorised representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- Pursuant to Section 205A and 205C of the Companies Act, 1956, the Company has transferred Rs.79,566/- being the unpaid and unclaimed dividend amount pertaining to the financial year 2007-08 to the Investor Education and Protection Fund (IEPF) as established by the Central Government.

Information in respect of such unclaimed dividend including when due for transfer to the said Fund is given below:

Financial year ended	Rate of Dividend Declared on the paid-up equity share capital	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.03.2013	10.00% (Final)	27.09.2013	25.10.2020	24.11.2020
31.03.2014	20.00% (Final)	26.09.2014	24.10.2021	23.11.2021
31.03.2015	22.50% (Final)	22.09.2015	20.10.2022	19.11.2022
31.03.2016	25.00% (Interim)	11.03.2016	09.04.2023	08.05.2023

Members who have not en-cashed the dividend warrant(s) so far, are requested to make their claim to the Company or to the Registrar and Share Transfer Agent of the Company at Link Intime India Pvt. Limited, 44, Community Centre, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, New Delhi – 110 028.

- Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
- Soft copy of the Annual Report for the financial year 2015-16 is being sent to all the members, whose email

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IDs are registered with the Company/RTA/Depository Participants(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2015-16 are being sent in the permitted mode.

**11. NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 27<sup>TH</sup> ANNUAL GENERAL MEETING OF YOUR COMPANY.**

**12. Voting through electronic means**

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote at the 27<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business contained herein may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL):

**The instructions for e-voting are as under:-**

- (i) The voting period begins on 24<sup>th</sup> September, 2016 at 10:00 A.M. and ends on 26<sup>th</sup> September, 2016 at

5:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20<sup>th</sup> September, 2016 (record date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation'

menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company

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opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
  - (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
  - (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
  - (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - (xviii) Shareholder can also cast their vote using CDSL’s mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  - (xix) **Note for Non-Individual Shareholders and Custodians**
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.co.in](http://www.evotingindia.co.in) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e.20/09/2016 may follow the same instructions as mentioned above for e-Voting.
  - (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- I. Mr. Deepak Somaiya, Practicing Company Secretary (Membership No. FCS 5845) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - II. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
  - III. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed immediately on



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the Company's website [www.pearlglobal.com](http://www.pearlglobal.com) and on the website of CDSL and communicated to the BSE Limited and National Stock Exchange of India Limited simultaneously.

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Item No. 3

Mrs. Shefali Seth aged about 35 years, is a Bachelor of Science in Business Administration from University of Bradford, U. K., has varied exposure in Garments and Textiles Industry. She is Whole-Time Director of the Company and heading Design & Product Development functions since 2012. She is having International experience in trading, marketing of Readymade Garments and knowledge of Southeast Asia region for over two years. She is wife of Mr. Pulkit Seth, Vice-Chairman and Managing Director of your Company.

Details of other directorship/committee membership held by her in other Companies are as follows:

#### Directorship

(i) Pixel Industries Limited (ii) PS Arts Private Limited (iii) DSSP Global Limited

She is not a member of any committee of the Company.

She holds 201478 equity shares of the Company.

Mrs. Shefali Seth, the retiring Director, being eligible, offers herself for re-appointment.

Directors of your Company propose to re-appoint Mrs. Shefali Seth as Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the Shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives except Mrs. Shefali Seth herself, Mr. Deepak Seth and Mr. Pulkit Seth being relatives, are interested, whether directly or indirectly, in this Resolution.

### Item No. 4

Mr. Vinod Vaish, aged about 58 years, is a Bachelor of Science and Long Logistics Management. He is Whole-Time Director of the Company and heading Administration and HR functions of the Company since 2012. He had been in the Indian Navy for 28 years at various levels in various capacities and has achieved in depth knowledge of all aspects of Administration and Logistics Management. He has been

conferred President Gold Medal for overall outstanding best officer in Naval Academy.

Details of other directorship/committee membership held by him in other Companies are as follows:

#### Directorship

Lerros Fashions India Limited.

#### Committee

He is Chairman of CSR Committee and member of Audit Committee and Stakeholders Relationship Committee of your Company.

He does not hold any equity shares of the Company.

Mr. Vinod Vaish, the retiring Director, being eligible, offers himself for re-appointment.

Directors of your Company propose to re-appoint Mr. Vinod Vaish as Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the Shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Vinod Vaish himself is interested in the resolution.

### ITEM No. 6: Re-appointment of Mr. Pulkit Seth as Managing Director

Resolution under Item No. 6 of the Notice relates to the re-appointment of Mr. Pulkit Seth as Managing Director of the Company for a further period of three years commencing from 1<sup>st</sup> June, 2016 to 31<sup>st</sup> May, 2019 and approval of his remuneration and terms of re-appointment.

The Nomination and Remuneration Committee, at its meeting held on 25<sup>th</sup> May, 2016, had recommended the terms of remuneration payable to Mr. Pulkit Seth as Managing Director for a further period commencing from 1<sup>st</sup> June, 2016 to 31<sup>st</sup> May, 2019. The Board of Directors, at its meeting held on 25<sup>th</sup> May, 2016, had approved his re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his reappointment will be in the interest of the Company.

Details of other Directorship/Committee Membership held by him in other Companies are as follows:

#### Directorship:

Mr. Pulkit Seth is Managing Director of Pearl Global Industries Limited and director of Pixel Industries Limited, Pearl Retail Solutions Pvt. Limited, PS Arts Pvt. Limited, Lerros Moden

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GmbH, Germany, NAFS Limited, UK, Norp Knit Industries Limited, Bangladesh, PAF International Limited, Bangladesh, Pallas Holdings Limited, Mauritius, Pearl Global (HK) Ltd., HK, Pearl Global Fareast Limited, HK, PT Pinnacle Apparels, Indonesia, Transnational Textile Group Limited, Mauritius, DSSP Global Limited, HK and Pearl Tiger HK Limited.

### Committee Membership:

He is Member-Director of Stakeholder Relationship Committee and CSR Committee of your Company.

Your Directors feel that the professional qualification and experiences of Mr. Pulkit Seth are of great value to the Company and his re-appointment as Managing Director of the Company will be beneficial to the Company. Your Directors recommend the passing of the resolution at Item no. 6 as Special Resolution.

None of the Directors, except Mr. Pulkit Seth, himself, Mr. Deepak Seth and Mrs. Shefali Seth being relatives, are interested, whether directly or indirectly, in this Resolution.

### **ITEM No. 7: Revision in Remuneration of Mr. Vinod Vaish as Whole-Time Director**

Members of the Company at last Annual General Meeting held on 22<sup>nd</sup> September, 2015 had approved the re-appointment and remuneration of Mr. Vinod Vaish as Whole-Time Director of the Company for the period of one year and nine months (being the attaining the age of retirement) commencing from 19<sup>th</sup> January, 2015 to 18<sup>th</sup> October, 2016.

In view of the growth in the business activities, increased volume of work the Nomination and Remuneration Committee and subsequently the Board of Directors considered it just, fair and reasonable to revise the remuneration of Mr. Vinod Vaish w.e.f. 1<sup>st</sup> October, 2015 to 18<sup>th</sup> October, 2016. The terms & conditions as set out in the resolution for the payment of remuneration may be altered and varied from time to time by the Board or Remuneration Committee as it may deem fit.

Shareholders' approval is sought for the variation in terms of remuneration of Mr. Vinod Vaish as Whole-Time Director of the Company. The Remuneration payable to Mr. Vinod Vaish is within the limits provided under Section 196, 197, and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Details of other Directorship/Committee Membership held by him in other Companies are as follows:

### Directorship:

Mr. Vinod Vaish is a Director of Lerros Fashions India Ltd.,

### Committee Membership:

He is Chairman of CSR Committee and member of Audit Committee and Stakeholders Relationship Committee of your Company.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Vinod Vaish himself is interested in the resolution.

### **ITEM No. 8: To Re- appoint Mr. Vinod Vaish as Whole-Time Director**

The Nomination and Remuneration Committee and The Board of Directors at their meetings held on 12<sup>th</sup> August, 2016 have approved his re-appointment and remuneration payable to him as Whole-Time Director. The Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his reappointment will be in the interest of the Company.

Shareholders' approval is sought for re- appointment of Mr. Vinod Vaish as Whole-Time Director of the Company. The Remuneration payable to Mr. Vinod Vaish is within the limits provided under Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Details of other Directorship/Committee Membership held by him in other Companies are as follows:

### Directorship:

Mr. Vinod Vaish is a Director of Lerros Fashions India Ltd.,

### Committee Membership:

He is Chairman of CSR Committee and member of Audit Committee and Stakeholders Relationship Committee of your Company.

Your Directors feel that the professional qualification and experiences of Mr. Vinod Vaish are of great value to the Company and his re-appointment as Whole-Time Director of the Company will be beneficial to the Company. Your Directors recommend the passing of the resolution at Item no. 8 as Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Vinod Vaish himself is interested in the resolution.

**THE STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 FOR ITEM NO. 6, 7 & 8**

# Notice

## I. GENERAL INFORMATION:

### 1. NATURE OF INDUSTRY

Pearl Global Industries Limited is engaged in manufacture and exports of Readymade Garments. Textile Industries plays a major role in the economy of the country. Indian textile industry is the second largest after agriculture in the country in terms of employment generation. Indian textile industry currently generates employment to more than 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5% to India's gross domestic product (GDP) and contributes to nearly 30% of the total exports.

The Company has large installed capacity for apparel manufacturing with *state-of-the-art* machinery and work process for supplying high quality products to Customers and with the continuous up-gradation of manufacturing facilities, the Company shall record further increase in Turnover and Profits in future years.

### 2. DATE OF COMMENCEMENT OF COMMERCIAL PRODUCTION

The date of commencement of commercial production (in erstwhile Pearl Global Limited, since merged with the Company) was 7<sup>th</sup> December, 1988.

IN CASE OF NEW COMPANIES, EXPECTED DATE OF COMMENCEMENT OF ACTIVITIES AS PER PROJECT APPROVED BY FINANCIAL INSTITUTIONS APPEARING IN THE PROSPECTUS

Not Applicable

### 3. FINANCIAL PERFORMANCE BASED ON GIVEN INDICATORS

The gross income of the Company stood at Rs 800.86 Crore. The Profit before Tax for the year is Rs 18.72 Crore against Rs.15.17 Crore last year. The Company managed to have PAT of Rs.13.31 Crore.

### 4. EXPORT PERFORMANCE AND NET FOREIGN EXCHANGE COLLABORATIONS

The Readymade Garment saw exit of Multi Fibre Agreement regime to a new regime of quota free regime, this has resulted in a changing scenario in the Indian Readymade Garment Industry, which is to going through a changing face in which the Industry will have to improve upon its bottom line and upgrade its technology in line with the International norms.

The FOB value of Export earnings of Rs. 697.13 Crores during the current financial year 2015-16, and Rs.575.12 Crores in the last year.

### 5. FOREIGN INVESTMENTS OR COLLABORATORS, IF ANY

The Company has no foreign collaboration.

Apart from holding 441294 equity shares of Rs.10/- each of your Company by 185 NRI / OCB's Members/ Folios representing 2.03 % of the total paid up Capital of the Company as on 31<sup>st</sup> March, 2016, there is no other foreign investment in the Company

## II. INFORMATION ABOUT THE APPOINTEE:

Information	Mr. Pulkit Seth	Mr. Vinod Vaish
Background Details	Mr. Pulkit Seth, age about 36 years, a resident Indian, has a Bachelor degree in Business Management from Leonard N. Stern School of Business, University of New York, U.S. He has vast experience in the apparel industry. He has been overseeing the Domestic & Overseas operations of the Group and has played an important role in streamlining business processes and enhancing our relationships with leading retailers in the U.S.	Mr. Vinod Vaish, aged about 58 years, is a Bachelor of Science and Long Logistics Management. He had been in the Indian Navy for 28 years at various levels in various capacities and has achieved in depth knowledge of all aspects of Administration and Logistics Management. He has over 8 years experience in private sector, specifically in Administration and production.
Past Remuneration	Rs. 6.25 Lacs Per Month	Rs. 1.06 Lacs Per Month
Recognition or Awards	NIL	NIL

# Notice

Job Profile and their Suitability	Mr. Pulkit Seth, Managing Director, shall manage the day-to-day affairs of the Company and shall also carry out all duties and functions subject to the supervision, control and directions of the Board of Directors of the Company and shall perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company. Considering his background, Board considers Mr. Pulkit Seth to be most suitable for the position of Managing Director.		Mr. Vinod Vaish shall be responsible for affairs of the Company with special focus on HR & Administration functions of the Company and also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company. Considering the contribution, Board considered him suitable for this position.
Remuneration Proposed	Salary: Rs.8.35 Lacs per month. Car: A Company maintained car for official purpose. Mobile/ Telephone: A mobile for official purpose. Provident Fund & Gratuity: As per Company's rules.		Basic Salary : 59,730/- per month HRA : 29,860/- per month Spl. Allowance : 16,168/- per month Medical Reimbursement : 1,250/- per month Provident Fund :As per Company's rules Mobile/Telephone : A mobile for official purpose Car : A Company maintained car for official purpose He shall also be entitled for reimbursement of actual expenses for business of the Company
Comparative Remuneration profile with respect to industry, size of the company profile of position and person	Arvind Limited Period: 2015-16 Turnover: Rs.5,407 Crore Managerial Personnel: Managing Director Annual Managerial Remuneration: Rs.5.21 Crore	Kitex Garments Ltd Period:- 2014-15 Turnover: Rs.524.5 Crore Managerial Personnel: Managing Director Annual Managerial Remuneration: Rs.7.48 Crore	Bombay Rayon Ltd Period:- 2014-15 Turnover: Rs.1116.29 Crore Managerial Personnel (i) Managing Director Annual Managerial Remuneration: Rs. 2.57 Crore (ii) Vice Chairman Annual Managerial Remuneration: Rs. 2.57 Crore
Pecuniary relationship directly or indirectly with the company or with the managerial personnel, if any	Relating to Pecuniary Relationship, information provided under Past and proposed Remuneration hereinabove. Mr. Pulkit Seth is related to Mr. Deepak Seth, and Mrs. Shefali Seth. He holds 69,47,621 Equity Shares of the Company.		Pecuniary Relationship other than Remuneration proposed above, is NIL. No relationship with Managerial Personnel. He does not hold in any Share in the Company.

### III. OTHER INFORMATION:

#### 1. REASONS OF LOSS OR INADEQUATE PROFITS

The Readymade Garments Export Industry had yet another tough year where Revenues have grown but profitability was impaired due to higher cost of production coupled with pressure on margins due to recession.

#### 2. STEPS TAKEN OR PROPOSED TO BE UNDERTAKEN FOR IMPROVEMENTS

Your Company realises that the Buyers can only be attracted through a proper blend of cost, speed /

logistics, plant efficiency, supply chain, compliance, reliability and relationship.

The Company is laying special focus on technological up-gradation, lesser breakdown time, use labour saving devices, training of managers, supervisors and operators. Besides, the Company is also outsourcing manufacturing from low cost destinations.

Maintaining quality, reducing cost with better productivity will help the Company to operate profitably.

#### 3. EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS

## Notice

The Sales Turnover of your Company during the year 2015-16 was Rs. 721.57 Crore. The Company's PAT stood at Rs. 13.31 Crore during 2015-16.

Your Company has since identified and prioritized its targets and has been gearing up to face the perceived

challenges and further enhance its presence in the International Markets. Barring under seen circumstances, your company profitability during 2016-17 should increase by 20% and productivity by 15% to 20%.

### IV. DISCLOSURES:

#### Remuneration package of the Managerial Person(s) paid for the year 2015-16:

(Amount in ₹)

Name of the Director(s)	Mr. Pulkit Seth	Mrs. Shefali Seth	Mr. Vinod Vaish	All other Directors
Designation	Managing Director	Whole Time Director	Whole Time Director	
Salary	75,00,000	60,00,000	12,55,368	--
Others ( Provident Fund )	21,600	21,600	21,600	--
Service Contract	3 years	3 years	1 year 9 months	
Notice Period, Severance fees	Nil	Nil	Nil	Nil
Sitting Fees	Nil	Nil	NIL	Rs. 7,500/- for attending each Board Meeting
<b>Total</b>	<b>75,21,600</b>	<b>60,21,600</b>	<b>12,76,968</b>	<b>--</b>

The Company has no policy for stock option, pension, and performance linked incentives. The Company is not paying any bonus, commission or other benefits except as above, to the Executive Directors. The details of Directors remuneration are also disclosed in Corporate Governance Report.

The above said terms and conditions of payment of remuneration are duly considered, approved and recommended by the Nomination and Remuneration Committee in its Committee Meeting held on May 25, 2016 for Mr. Pulkit Seth and on August 12 ,2016 for Mr. Vinod Vaish.

Copies of the resolutions passed by the Board in respect of the above may be inspected at the Corporate Office of your Company between 11:00 a.m. and 1:00 p.m. on all working days except Saturday and holidays.

The Directors commend the resolution for your approval as a Special Resolution(s).

#### Item No. 9

#### Related party transactions

The Board of Directors of the Company has approved a proposal for entering into the following related party transactions for a maximum amount annually during the year 2016-17 and 2017-18:

Name of the related party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature, material terms, monetary value and particulars of the contract or arrangement	Annual Amount (₹ in Crore)
Norp Knit Industries Limited (NKIL)	Subsidiary Company	Mr. Pulkit Seth Director of NKIL	1. Purchase of goods 2. Sale of goods 3. SAP Income/ Expense Reimbursement 4. Expenses paid by them on our behalf and reimbursement 5. Expenses paid by us on their behalf and reimbursement	200.00 25.00 1.00 3.00 1.00

# Notice

Name of the related party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature, material terms, monetary value and particulars of the contract or arrangement	Annual Amount (₹ in Crore)
PT Pinnacle Apparels (PTP)	Step down Subsidiary Company	Mr. Pulkit Seth, Director of PTP Mr. Deepak Seth, Director of PTP	1. Purchase of goods 2. Sale of goods 3. SAP Income/ Expense Reimbursement 4. Expenses paid by them on our behalf and reimbursement 5. Expenses paid by us on their behalf and reimbursement	75.00 5.00 0.25 0.75 0.75
Pearl Global (HK) Limited (PGHK)	Wholly Owned Subsidiary Company	1. Mr. Deepak Seth, Director of PGHK 2. Mr. Pulkit Seth, Director of PGHK	1. Purchase of goods 2. Sale of goods. 3. SAP Income/ Expense Reimbursement 4. Expenses paid by them on our behalf and reimbursement 5. Expenses paid by us on their behalf and reimbursement	10.00 50.00 1.50 3.00 6.00
Pearl Global Fareast Limited (PGFE)	Wholly Owned Subsidiary Company	1. Mr. Deepak Seth, Director of PGFE 2. Mr. Pulkit Seth, Director of PGFE	1. Purchase of goods 2. Sale of goods 2. SAP Income/ Expense Reimbursement 4. Expenses paid by them on our behalf and reimbursement 5. Expenses paid by us on their behalf and reimbursement	10.00 50.00 1.00 2.50 0.75
Lerros Fashions India Limited (LFIL)	Wholly Owned Subsidiary Company	Mr. Vinod Vaish, Director of LFIL	1. Purchase of goods 2. Sale of goods 3. Expenses paid by them on our behalf and reimbursement 4. Expenses paid by us on their behalf and reimbursement	50.00 1.00 0.15 0.15
Multinational Textile Group Ltd	Enterprises over KMP has significant influence	Mr. Deepak Seth	1. SAP Income / Expense Reimbursement 2. Expenses paid by them on our behalf and reimbursement 3. Expenses paid by us on their behalf and reimbursement	1.00 0.25 0.25
PDS Multinational Fashions Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	1. SAP Income / Expense Reimbursement 2. Expenses paid by them on our behalf and reimbursement 3. Expenses paid by us on their behalf and reimbursement	0.50 0.15 0.15
DSSP Global Limited	Step down Subsidiary	Mr. Deepak Seth Mr. Pulkit Seth Mrs. Shefali Seth	1. SAP Income / Expense Reimbursement 2. Expenses paid by them on our behalf and reimbursement 3. Expenses paid by us on their behalf and reimbursement	0.25 0.50 0.50
Pearl Tiger HK Limited	Step down Subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	1. Sale of goods 2. Purchase of goods	5.00 5.00

# Notice

Name of the related party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature, material terms, monetary value and particulars of the contract or arrangement	Annual Amount (₹ in Crore)
Nor Delhi Manufacturing Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	Purchase of goods	1.00
PG Group Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	1. Sale of goods 2. SAP Income/ Expense Reimbursement	1.00 0.01
Norwest Industries Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	1. Sale of goods 2. Sale of samples 3. SAP Income/ Expense Reimbursement 4. Expenses paid by them on our behalf and reimbursement 5. Expenses paid by us on their behalf and reimbursement	1.00 0.50 0.50 0.50 0.75
Poeticgem Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	1. Sale of goods 2. SAP Income/ Expense Reimbursement	1.00 0.15
Nor Lanka Manufacturing Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	SAP Income/ Expense Reimbursement	0.25
Zamira Fashion Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	SAP Income/ Expense Reimbursement	0.05
Gem Australia Manufacturing Company Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	SAP Income/ Expense Reimbursement	0.03
Simple Approach Limited	Enterprises over KMP has significant influence	Mr. Deepak Seth	SAP Income/ Expense Reimbursement	0.10

Mr. Deepak Seth, Chairman, Mr. Pulkit Seth, Managing Director, Mrs. Shefali Seth, Whole-Time Director, and Mrs. Payel Seth and Mr. Pallak Seth are relatives.

Mr. Pulkit Seth is member of Norp Knit Industries Limited and PT Pinnacle Apparels.

Mr. Deepak Seth is member of Norp Knit Industries Limited.

Your Directors recommend the passing of the resolution at Item no.9 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives except as disclosed above are interested in this resolution.

By order of the Board of Directors  
for **PEARL GLOBAL INDUSTRIES LIMITED**

Place: Gurgaon.  
Date: August 12, 2016

(**Sandeep Sabharwal**)  
Company Secretary

# Directors' Report

To the Members,

Your Directors are pleased to present the 27<sup>th</sup> Annual Report and Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2016, together with the Auditors' Report thereon.

## WORKING RESULTS OF THE COMPANY (STANDALONE)

(₹ in Crore)

Particulars	2015-16	2014-15
Income from operations	768.18	623.99
Other Income	32.68	27.82
Profit before Tax	18.72	15.17
Provision for Tax	5.41	4.95
Profit After Tax	13.31	10.22
Transfer to General Reserves	---	---

## WORKING RESULTS OF THE COMPANY (CONSOLIDATED)

(₹ in Crore)

Particulars	2015-16	2014-15
Income from operations	1,393.41	1,023.74
Other Income	25.18	24.05
Profit before Tax	47.26	34.21
Provision for Tax	10.73	9.90
Profit After Tax	36.53	24.31
Minorities Share in (Profit)/Loss	0.13	0.75
Profit for the year	36.66	25.06

## STATE OF THE AFFAIRS OF THE COMPANY

During the year, your Company's consolidated income from operations was Rs. 1,393.41 Crore as against Rs. 1,023.74 Crore in the previous year and Net Profit increased by 46.29% to Rs. 36.66 Crore as against Net Profit Rs. 25.06 Crore in the previous year.

The income from operations for the year under review for the Company on Standalone basis was Rs. 768.18 Crore as compared to Rs. 623.99 Crore in the previous year and Net Profit increased by 30.23% to Rs. 13.31 Crore as compared to Net Profit Rs. 10.22 in the previous year.

Your Company has adopted market strategy based on the changing dynamics of growth in the world economy as it is necessary to ensure sustained growth of exports. We must establish new beachheads and strengthen our presence in newly opened up markets. The company has leveraged its experience and expertise in cost competitiveness in channelizing the business through its manufacturing or outsourcing activities based on buyers requirements.

Our main market in the USA looks relative healthy with both employment and consumption on a steady rise. We expect our business into USA to grow consistently over near term. Simultaneously, we expect to continue our steady penetration into other markets, allowing us to use our capacity in lean seasons and so gradually improve our ROIs. We also intend to strengthen our existing association with various apparels brands by becoming a larger, more service oriented vendor-partner to them.

We are geographically well positioned to produce from the most cost effective supply bases in Asia, keeping us highly competitive and relevant to our customers. We expect to maintain and step up our profitability from superior value added products and meticulous management of our costs and processes.

## DIVIDEND

Your Directors have declared an interim dividend Rs. 2.50/- per Equity Share of Rs. 10/- each for the financial year 2015-16, amounting Rs. 541.60 Lacs (exclusive of dividend distribution



# Directors' Report

tax). The above interim dividend have been paid to those members, whose name appears in the register of members and beneficial owners, as per details received from NSDL and CDSL as on record date 21<sup>st</sup> March, 2016. The payment of interim dividend has completed on 31<sup>st</sup> March, 2016.

The Board of Directors also recommend a final dividend Rs.0.50 per equity share for the year 2015-16 amounting to Rs.1,08,31,968.50 (exclusive of tax on dividend). The final dividend payout is subject to approval of the members at the ensuing Annual General Meeting.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Mrs. Shefali Seth and Mr. Vinod Vaish, Directors, would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors have re-appointed Mr. Pulkit Seth as Managing Director of the Company for a further period of three years, with effect from 1<sup>st</sup> June, 2016 to 31<sup>st</sup> May, 2019. The Resolution for his re-appointment is proposed in the Notice calling the 27<sup>th</sup> Annual General Meeting.

The Board of Directors have re-appointed Mr. Vinod Vaish, as Whole-Time Director of the Company for a further period of two years, with effect from 19<sup>th</sup> October, 2016 to 18<sup>th</sup> October, 2018. The Resolution for his re-appointment is proposed in the Notice calling the 27<sup>th</sup> Annual General Meeting.

The Board of Directors of your Company met five times on May 22, 2015, August 11, 2015, November 09, 2015, February 12, 2016 and March 11, 2016 during the financial year 2015-16.

## DIRECTORS' IDENTIFICATION NUMBER (DIN)

The following are the Directors Identification Number (DIN) of your Directors:

Mr. Deepak Seth	- 00003021	Mr. Chittranjan Dua	- 00036080
Mr. Pulkit Seth	- 00003044	Mr. Samar Ballav Mohapatra	- 00327410
Mrs. Shefali Seth	- 01388430	Mr. Rajendra Kumar Aneja	- 00731956
Mr. Anil Nayar	- 01390190	Mr. Vinod Vaish	- 01945795

The Company has received necessary declaration from each independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence as laid down in Section 149(6) of the Companies Act, 2013.

The Company has Nomination and Remuneration Committee as required under Sub-Section (1) of Section 178 of the Companies Act, 2013 Comprising three non-executive

Independent Directors, Mr. S.B. Mohapatra, Chairman, Mr. Rajendra Kumar Aneja and Mr. Anil Nayar, Members of the Committee. The Company has also formulated a Policy for performance evaluation of Board, Committees, Independent Directors and other individual Directors which included criteria for performance evaluation of the non-executive directors and executive directors.

The Nomination and Remuneration Policy of the Company is annexed herewith as **Annexure-I** with this report.

## BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and Rules made there under.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

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 views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal control system commensurate with the size, scale and complexity of operations. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

## AUDIT COMMITTEE

The Audit Committee comprises two Independent Directors, namely Mr. Anil Nayar, Chairman, Mr. S.B. Mohapatra,

# Directors' Report

Member and one executive Director, Mr. Vinod Vaish, as Member of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

## VIGIL MECHANISM

The Company has set up a Vigil Mechanism, which also incorporates a whistle blower policy in terms of Listing Agreement/Regulations made by the SEBI. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone no. or a letter through to the Vigilance Officer or to the Chairman of the Audit Committee. The policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://pearlglobal.com/investors/policy>

## CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee of the Company has formulated a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at <http://pearlglobal.com/investors/policy>

Your Company has identified an area of education for underprivileged children for engagement under CSR activities. The Company had earmarked Rs. 15.00 Lakh for spending on the area of education for the financial year 2014-15, which was fully utilised. The Company has earmarked Rs. 24.76 Lakh for spending on the area of education in the financial year 2015-16 and would be utilised in due course, on need base.

The Annual Report on CSR activities is annexed herewith as **Annexure-II**.

## SUBSIDIARY COMPANIES

During the year under review, no Company have become or ceased to be Company's subsidiaries, joint ventures or associates Companies.

The subsidiaries assist our Company in providing one shop stop to our preferred long term vendors, thereby having an edge over competitors. Their contribution to the Company's performance is as evident from the consolidated results of the Company.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiary companies is attached to the Financial Statements in Form AOC-1. The Company will make available the said financial statements and related

detailed information of the subsidiary companies upon the request by any member of the Company. These financial statements will also be kept open for inspection by any member at the Registered Office of the Company.

The financial statements of the Company, consolidated financial statements along with the relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

The Policy of determining material subsidiaries as approved may be accessed on the Company's website at <http://pearlglobal.com/investors/policy>

## AUDITORS

In terms of Section 139 of the Companies Act, 2013, M/s S. R. Dinodia & Co. LLP, Chartered Accountants, (Regn. No. 001478N/N500005), New Delhi, were appointed by the Members in its 25<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> September, 2014 as Statutory Auditors of the Company for a period of three years. A Resolution for ratification of their appointment as Statutory Auditors is proposed in the Notice calling the 27<sup>th</sup> Annual General Meeting.

## SECRETARIAL AUDITOR

The Board has appointed Mr. Deepak Somaiya, Practising Company Secretary, proprietor of M/s. Deepak Somaiya & Co., to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year 2015-16 is annexed herewith as **Annexure-III**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## INTERNAL AUDITOR

The Board has appointed M/s. Narula & Gupta, Chartered Accountants, New Delhi (FRN 013532N), as Internal Auditor for the financial year 2015-16.

## EXTRACTS OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as **Annexure-IV** to this Report.

## RELATED PARTY TRANSACTIONS

Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC-2 is annexed as **Annexure-V**.

A disclosure on related party, as required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is annexed as **Annexure-VI**.

# Directors' Report

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 is annexed as *Annexure-VII*.

## FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from Public or Shareholders during the year, nor has any unclaimed or unpaid deposits at the end of the financial year.

## RISK MANAGEMENT

The Company has implemented procedures and policies in place for risk management including identifying risk which may threaten the existence/operations of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, your Directors state that:

- a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures. There are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2016 and of the profit and loss of the Company for that period;
- c) the Directors have taken proper and sufficient care 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;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## LISTING

The shares of your Company are listed at BSE Limited and National Stock Exchange of India Limited, Mumbai. The listing fees to the Stock Exchanges for the year 2015-16 have been paid.

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd is Company's Registrars and Share Transfer Agent (RTA) as common agency both for physical and demat shares, as required under Securities Contract (Regulation) Act, 1956. The detail of RTA forms part of the Corporate Governance Report.

## CORPORATE GOVERNANCE

Report on Corporate Governance along with the certificate of the Auditors, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual report.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management Discussion and Analysis".

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is annexed as *Annexure-VIII* to this report.

Particulars of employees as required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is annexed as *Annexure-IX* to this report.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) is annexed as *Annexure-X* to this report.

# Directors' Report

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## REPORT ON SEXUAL HARASSMENT-INTERNAL COMPLAINTS COMMITTEE

Pursuant to the provisions of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received during the financial year 2015-16.

## ACKNOWLEDGEMENT

The Directors of your Company are thankful to Bankers, Business Associates, Customers, Members, Government Bodies & Regulators for the continuous support received from them and place on record their appreciation for the sincere services rendered by the employees at all level.

For and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

**(VINOD VAISH)**  
Whole-Time Director  
DIN 01945795

**(PULKIT SETH)**  
Managing Director  
DIN 00003044

Place: Gurgaon  
Date: August 12, 2016

# Annexure-I to the Directors' Report

## NOMINATION AND REMUNERATION POLICY

### 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

### 2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel** means
  - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. such other officer as may be prescribed.
- 2.5. **Senior Management** means Senior Management means personnel of the company who are members

of its core management team excluding the Board of Directors.

### 3. Policy for appointment and removal of Director, KMP and Senior Management

#### 3.1. Appointment criteria and qualifications:

- a) 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 to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### 3.2. 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, but such Independent Director shall be eligible

## Annexure-I to the Directors' Report

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. *However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he / she shall be eligible for appointment for one more term of 5 years only.*

- 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.

### 3.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 3.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3.5. Retirement

The 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.

## 4. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

### 4.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by

the Committee or as per policies framed by the committee. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

- b) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- c) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### 4.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

#### a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board or the Committee.

#### b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration

# Annexure-I to the Directors' Report

any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## 4.3. Remuneration to Non- Executive / Independent Director:

### a) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

### b) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

## 5. MEMBERSHIP

5.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

5.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

5.3 Membership of the Committee shall be disclosed in the Annual Report.

5.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

## 6. CHAIRPERSON

6.1 Chairperson of the Committee shall be an Independent Director.

6.2 Chairperson of the Board may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

6.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

6.4 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.

## 7. FREQUENCY OF MEETINGS

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

## 8. COMMITTEE MEMBERS' INTERESTS

8.1 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.

8.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 9. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

## 10. VOTING

10.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

10.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## 11. NOMINATION DUTIES

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

11.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

11.2 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;

11.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

11.4 Determining the appropriate size, diversity and composition of the Board;

11.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

## Annexure-I to the Directors' Report

**11.6** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

**11.7** Delegating any of its powers to one or more of its members or the Secretary of the Committee; and

**11.8** Considering any other matters, as may be requested by the Board.

### **12. REMUNERATION DUTIES**

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

**12.1** to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board

and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

**12.2** to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

**12.3** to delegate any of its powers to one or more of its members or the Secretary of the Committee.

**12.4** to consider any other matters as may be requested by the Board.

**12.5** Professional indemnity and liability insurance for Directors and senior management.



## Annexure-II-Annual Report on CSR activities

1. Over the year, we have been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover our business, but also that of communities around us.

We had set up a Society namely Arpan Educational Society For Underprivileged Children in the year 2006. This was done to provide the free education to underprivileged children. Visit <http://www.arpaneducation.com/index.html> for more details and the activities of the Society.

2. The CSR Committee comprises Mr. Vinod Vaish, Chairman, Mr. Pulkit Seth, and Mr. Anil Nayar as Members.
3. Average net profit of the Company for last three financial years: **Rs. 1238.22 Lakh**
4. Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above): **Rs. 24.76 Lakh**
5. Details of CSR spent during the financial year:
- (a) Total amount to be spent for the financial year: Rs. 24.76 Lakh
- (b) Amount unspent, if any: Rs. 24.76 Lakh
- (c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakh)

Sr.No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Project or Program wise	Amount Spent on the Projects or Programs Sub heads: (1) Direct expenditure on projects or program (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Education and other initiatives	Promoting Education	NCT of Delhi	15.00 (for 2014-15)	15.00	15.00	Through Arpan Educational Society For Underprivileged Children
				24.76 (for 2015-16)	Nil		

6. Reasons for not spending the amount:

The Company has fully utilised the CSR funds for 2014-15 during the year.

The unspent amount will be spent as per needs and requirements of Little Pearl School. The unspent amount will be spent for and out of amount earmarked for financial year 2015-16.

### 7. RESPONSIBILITY STATEMENTS

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

“The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.”

**(Pulkit Seth)**  
Managing Director

**(Vinod Vaish)**  
Chairman of CSR Committee

# Annexure-III to the Directors' Report

## Form No. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31<sup>st</sup> March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013  
and rule No. 9 of the Companies (Appointment and  
Remuneration Personnel) Rules, 2014]

To,  
**Pearl Global Industries Limited**  
A-3, Community Centre,  
Naraina Industrial Area  
Phase-II, New Delhi-110028

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Pearl Global Industries Limited** (hereinafter called the "**Company**"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the **corporate conducts/statutory compliances** and expressing our opinion thereon.

Based on our verification of **Pearl Global Industries Limited's** 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, 2016 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:

We have examined the books, papers, minute books, forms and returns filed and there records maintained by **Pearl Global Industries Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2016, according to the provisions of (hereinafter to be referred as "Act" collectively):

- (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;

- (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 and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**There is no stock option scheme issued during the year**)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the company**)
  - (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; (**Not applicable to the Company**)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**No such case**) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**There is no buyback of Shares during the year**)
- (vi) No specific law applicable specifically to the company (like Banking and Insurance).

We have also examined compliance with the applicable Clauses / Regulations of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE and NSE Stock Exchange(s).
- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review we found that the Company has complied with the various provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above are as follows:

## Annexure-III to the Directors' Report

- Company has received the disclosure under Regulation 30(1) and 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and intimated to Stock Exchanges also.
- Company has received declaration under Section 149(6) of the Companies Act, 2013 from all the Independent directors.
- Company has adopted a conflict of interest policy, a code of business conduct setting out the Company's requirements and process to report and deal with non compliance.
- Company has made responsible the Compliance officer for oversight and management of these policies and procedures.
- Company has established various policies as per the Companies Act, 2013 and listing agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, like,
- CSR policy, Vigil Mechanism policy, Related Party Transaction Policy, Whistle Blower Policy and Directors appointment and remuneration policy.
- Company has composite various committee(s) are as under:

### 1. Audit Committee:

Mr. Anil Nayar	-	Chairman
Mr. Vinod Vaish	-	Member Director
Mr. S.B Mohapatra	-	Member Director

### 2. Nomination and Remuneration Committee:

Mr. S.B Mohapatra	-	Chairman
Mr. Rajendra K. Aneja	-	Member Director
Mr. Anil Nayar	-	Member Director

### 3. Stakeholders Relationship Committee:

Mr. S.B Mohapatra	-	Chairman
Mr. Pulkit Seth	-	Member Director
Mr. Vinod Vaish	-	Member Director

### 4. CSR Committee:

Mr. Vinod Vaish	-	Chairman
Mr. Pulkit Seth	-	Member Director
Mr. Anil Nayar	-	Member Director

### 5. Compliance Officer:

Mr. Sandeep Sabharwal

- The Company's shares are in compulsory demat segment and are available for trading in the depository system of both NSDL and CDSL. As on 31<sup>st</sup> March 2016 the company has 19222807 shares in NSDL A/c, 1954727

shares in CDSL A/c and balance of 486403 are in physical mode.

- The Company's shares in physical form are process by the Registrar and Share Transfer Agent ( **Link Intime India Pvt Ltd at 44 Community Centre, 2<sup>nd</sup> Floor, Naraina Industrial Area Phase-1, New Delhi-110028**) and approved by the Stakeholders Relationship Committee. Share transfer process also reviewed by the Board.
- Investor's Grievance Report during the Financial year:
 

No. of Grievances Received	-	5
No. of Grievances Attended	-	5
No. of Grievances Pending	-	0
- As informed to us there is no change in general character or nature of business / disruption of operations due to natural calamity/ dispute with a material impact during year.
- The Company has published quarterly results during the year in time.

### Various Committee meetings and meeting of Independent Directors:

**Audit Committee:** During the Financial Year 2015-16 Audit Committee met on 22.05.2015, 11.08.2015, 09.11.2015, and 12.02.2016. The Company has also maintained the proper record of the minutes of the meetings.

**Stakeholders Relationship Committee:** During the Financial Year 2015-16 the committee met on 07.05.2015, 11.06.2015, 30.06.2015, 31.07.2015, 25.01.2016, 02.02.2016 and 26.03.2016. The Company has also maintain the proper record of the minutes of the meetings.

### Nomination and Remuneration Committee meeting:

The Committee met on 09.11.2015 during the Financial Year 2015-16

### CSR Committee:

The Committee met on 11.08.2015 during the Financial Year 2015-16.

### Independent Directors' meeting:

During the Financial Year 2015-16 the Independent Directors met on 15.03.2016.

### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

## Annexure-III to the Directors' Report

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

### Composition of the Board:

Mr. Deepak Seth	- Chairman
Mr. Pulkit Seth	- Vice-Chairman & Managing Director
Mrs. Shefali Seth	- Whole-Time Director
Mr. Vinod Vaish	- Whole-Time Director
Mr. S.B. Mohapatra	- Non-executive Independent Director
Mr. Chitranjan Dua	- Non-executive Independent Director
Mr. Rajendra K. Aneja	- Non-executive Independent Director
Mr. Anil Nayar	- Non-executive Independent Director

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.

### Details of Board Meeting:

Board has met five times during the financial year on 22.05.2015, 11.08.2014, 09.11.2015, 12.02.2016 and 11.03.2016. The Company has also maintained the proper record of the minutes of the meetings.

Majority decision are carried through the Board (means unanimously) and there is no dissenting members' views are captured and recorded as part of the minutes.

### Annual General Meeting:

During the Financial Year 2015-16 the Company has called 26<sup>th</sup> Annual General Meeting for the Financial Year 2014-15 on 22<sup>ND</sup> September 2015 at Sri Sathya Sai International Centre, Lodi Road, New Delhi-110003. The Company has kept the date of book Closure on 15<sup>th</sup> September 2015 to 22<sup>ND</sup> September 2015 (both days inclusive).

### Maintenance of Statutory Registers:

The Company has maintained the following Statutory Registers required under the Companies Act 2013.

1. Register of Members
2. Register of Directors and Key Managerial personnel
3. Register of Security held by the Director
4. Register of Loans, Investment and Guarantee
5. Register of Charge
6. Register of Contracts or Arrangements

7. Register of Transfer and Transmission.
8. Register of Renewal and Duplicate Shares Certificate

### Declaration and Payment of Dividend:

The Dividend declared for the financial year ending 31<sup>st</sup> March 2015 is paid and unpaid dividend are transferred to Unpaid Dividend Account - Pearl Global Industries Ltd in prescribed time.

The Board of Directors have declared an interim dividend Rs. 2.50/- per Equity Share of Rs. 10/- each for the financial year 2015-16. The said interim dividend have been paid to those shareholders, whose name appears in the register of members and beneficial owners, as per details received from NSDL and CDSL as on record date 21<sup>st</sup> March, 2016. The payment of interim dividend has completed on 31<sup>st</sup> March, 2016.

**We further report that 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 mentioned above at para (i) to (v) **and also laws listed herein below:**

**As the Company Carries on the business of manufacturing, Export and Merchant trade of readymade Garments the various applicable Acts are:**

1. The Apprentices Act, 1961.
2. The Air (Prevention and Control of Pollution) Act, 1981.
3. The Indian Boilers Act, 1923.
4. The Child Labour (Prohibition and Regulation) Act, 1986.
5. The Child (Pledging of Labour) Act, 1933.
6. The Collection of Statistics Act, 2008.
7. The Contract Labour (Regulation and Abolition) Act, 1970.
8. Employee's Compensation Act, 1923 (earlier known as Workmen's Compensation Act, 1923)
9. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
10. The Employees' State Insurance Act, 1948.
11. The Employers' Liability Act, 1938.
12. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959.
13. The Environment (Protection) Act, 1986.
14. The Equal Remuneration Act, 1976.
15. The Factories Act, 1948.
16. The Fatal Accidents Act, 1855.
17. The Industrial Disputes Act, 1947.
18. The Industrial Employment (Standing Orders) Act, 1946.
19. The Industries (Development and Regulation) Act, 1951.

## Annexure-III to the Directors' Report

20. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
  21. The Maternity Benefit Act, 1961.
  22. The Minimum Wages Act, 1948.
  23. The Payment of Bonus Act, 1965.
  24. The Payment of Gratuity Act, 1972.
  25. The Payment of Wages Act, 1936.
  26. The Personal Injuries (Compensation Insurance) Act, 1963.
  27. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
  28. The Water (Prevention and Control of Pollution) Act, 1974.
  29. The Weekly Holidays Act, 1942.
  30. Indian Stamp Act.
- Security Policy
  - Child Labour Policy
  - Policy on fabric safety
  - Human rights and Forced labour policy
  - Chemical Spillage Control and Storage Policy
  - Sharp Tools policy
  - Social Accountability Policy
  - Non Discrimination Policy
  - Fast Aid Facility
  - Creche Facility
  - Canteen Facility
  - Restroom Facility
  - Medical Room

### Other General Laws Relating to Finance:

Income Tax Act  
Sales Tax Act  
Central Excise and Custom  
Service Tax  
Finance Act  
ESI and PF

We have not checked the transactions relating to the above Financial Act, we simply rely on the Report of the Statutory Auditors for Financial Year 2015-16.

### Company has established various policy and systems as per the above applicable Acts for all units and work Places are as below:

- Hiring Policy
- Sub Contractor and Home working policy
- Anti Child Labour Policy
- Suggestion Policy
- Prevention of Sexual Harrassment Policy
- Employee Benefit Policy
- Safety Policy
- Broken Niddle Policy
- Blood Policy
- Company Policy
- Anti Forced Labour Policy
- Freedo of Association and Collective Bargaining
- Grievance Handling Policy
- Environment Policy
- Health and safety Policy
- Quality Policy
- Policy on Fire
- Overtime Policy

We have checked the records available and provided to us during our visit to 5(Five) units/ Plants (A) 446 Udyog Vihar Phase-V Gurgaon,Haryana (B) 751 Pace City II Sector 37 Khandsa Gurgaon Haryana, (C) 16-17 Udyog Vihar Phase VI Khandsa Gurgaon Haryana (D) 73 Udyog Vihar Phase I Gurgaon Haryana and (E) 274 Udyog Vihar Phase-II Gurgaon Haryana. During our audit we have examined the records of the Company regarding various permissions and licenses :

NOC from Department of Air and Water Pollution Control required under **Air and Water (Prevention and Control of Pollution) Act**. The Company Units have effluent treatment plants (ETP) duly tested from the authorised Lab and also maintain the ETP log book.

Factory license as required under the **Factories Act**.

Inspection report obtained from Executive Engineer generally complying with the relevant Provision of **Central Electricity Authority (Measures relating to safety and Electricity Supply) Regulation 2010**.

Report of Examination of pressure vessel or plants required under the Factory Act, 1948 and Boiler Act 1923.

Fire fighting systems available and Company has obtained the adequate NOC from Municipal Corporation for the units where ever required.

The Company Permissible labour license required under the Factory Act and Contract Labour Act.

The Company has got the registration under ESI and PF Act.

The Company is paying Equal Remuneration to men and women.

## Annexure-III to the Directors' Report

### Various Register maintained by the Company Required under the applicable Acts:

1. Accidental Register ( Required under ESI and Factory Act)
2. Register of Deduction of loss and damages as per Factory Act 1948
3. Register of Accident and dangerous occurrence as per Factory Act.
4. Register of Advance
5. Register of Loans to worker and staff
6. Register of fines under Factory Act
7. Adult workers register
8. Attendance Register/ Electronic device know as Bio matrices System.
9. Wage Register / Salary Sheet
10. Bonus Register
  - The Industrial Employment Standing Order Act 1956 is applicable to Company and Company has Certified Standing Orders both in Hindi and English.

- Company has paid to Bonus to eligible staffs and workers during the year for the Financial Year 2014-15 as per the Bonus Act 1965
- Company is paying gratuity to the eligible Workers as per the Payment of Gratuity Act.
- Company has Constituted the Committee as required under The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act 2013.
- Company has appointed Welfare officer.

We further report that during the audit period the Company has not taken any major matter requiring members' approval.

For **Deepak Somaiya & Co.**  
Company Secretaries

(**CS Deepak Somaiya**)  
Proprietor  
FCS: 5845, CP No. 5772

Place: New Delhi  
Date: May 17, 2016

# Annexure-IV to Directors' Report

## FORM NO.MGT-9

### EXTRACTS OF ANNUAL RETURN

As on financial year ended on March 31, 2016

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

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	L74899DL1989PLC036849
ii) Registration Date	:	05-07-1989
iii) Name of the Company	:	Pearl Global Industries Ltd
iv) Category/Sub Category of the Company	:	Public Limited Company
v) Address of the Registered Office and Contact details	:	A-3,Community Centre Naraina Industrial Area Phase-II, New Delhi-110028
vi) Whether listed Company	:	Yes
vii) Name ,address and contact details of Registrar and Transfer Agent, if any	:	Link Intime India Pvt. Ltd 44, Community Centre 2 <sup>nd</sup> Floor,Naraina Industrial Area-1,Near PVR Naraina New Delhi-110028 Tel: 011-41410592-94

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S.No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
	Manufacturing & Exporting of Readymade Garments	141	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Lerros Fashions India Limited A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028	U74900DL2007PLC161396	Wholly owned Subsidiary	100	2(87)(ii)
2.	Pixel Industries Ltd B-17,SIDCI First Street, SIDCO Industrial Estate, MMD Colony, Arumbakkam - 600106, Tamil Nadu	U18101TN2014PLC096204	Wholly owned Subsidiary	100	2(87)(ii)

## Annexure-IV to Directors' Report

3.	Norp Knit Industries Limited Vill: North Khaillkur, P.O.National University, Gazipur Bangladesh	C-52664(2959)/2004	Subsidiary	99.99	2(87)(ii)
4.	Pearl Global Fareast Limited Unit:801-3,8/E,9 Wing Hong Kong Street, Cheung Sha Wan, Kowloon, Hong Kong		Wholly owned Subsidiary	100	2(87)(ii)
5.	Pearl Global (HK) Limited Unit:801-3,8/E,9 Wing Hong Kong Street, Cheung Sha Wan, Kowloon, Hong Kong		Wholly owned Subsidiary	100	2(87)(ii)
6.	DSSP Global Limited Unit:801-3,8/E,9 Wing Hong Kong Street, Cheung Sha Wan, Kowloon, Hong Kong		Subsidiary	100	2(87)(ii)
7.	PT Pinnacle Apparels Graha Kirana Lt.1 Suite 103, Jl. Yos Sudarso Kav. 88, Menara Kelapa Gading Kondominium Tower E605, Kelapa Gading-Jakarta Utara, Indonesia		Subsidiary	69.91	2(87)(ii)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage 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>									
<b>(1) Indian</b>									
a) Individual/HUF	11562734	Nil	11562734	53.37	11562734	Nil	11562734	53.37	Nil
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	30	Nil	30	00.00	30	Nil	30	00.00	Nil
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
<b>Sub-Total (A)(1):-</b>	<b>11562764</b>	<b>Nil</b>	<b>11562764</b>	<b>53.37</b>	<b>11562764</b>	<b>Nil</b>	<b>11562764</b>	<b>53.37</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRI's Individuals	2862145	Nil	2862145	13.21	2862145	Nil	2862145	13.21	Nil
b) Other- Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks/FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
<b>Sub Total (A)(2):-</b>	<b>2862145</b>	<b>Nil</b>	<b>2862145</b>	<b>13.21</b>	<b>2862145</b>	<b>Nil</b>	<b>2862145</b>	<b>13.21</b>	<b>Nil</b>
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>									
	14424909	Nil	14424909	66.58	14424909	Nil	14424909	66.58	Nil



# Annexure-IV to Directors' Report

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>B.Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	856451	Nil	856451	3.95	825451	Nil	825451	3.81	0.14
b) Banks/FI	547166	66	547232	2.52	536214	66	536280	2.48	0.04
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt									
e) Venture capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	1457678	Nil	1457678	6.73	1410005	Nil	1410005	6.50	0.23
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others(specify)	--	--	--	--	--	--	--	--	--
<b>Sub-Total (B)(1):-</b>	<b>2861295</b>	<b>66</b>	<b>2861361</b>	<b>13.21</b>	<b>2771670</b>	<b>66</b>	<b>2771736</b>	<b>12.79</b>	<b>0.42</b>
<b>2.Non Institutional</b>									
a)Bodies Corp									
i)Indian	301316	929	302245	1.40	404612	929	405541	1.87	0.47
ii)Overseas	Nil	325606	325606	1.50	Nil	325606	325606	1.50	--
b)Individuals									
i)Individual shareholders shareholding nominal share capital upto Rs.1 Lakh	1686459	139638	1826097	8.43	1853197	136192	1989389	9.18	0.75
ii) Individual shareholders shareholding nominal share capital in excess of Rs.1 Lakh	1795299	Nil	1795299	8.29	1371789	Nil	1371789	6.33	-1.95
Others(s) (specify)	128420	Nil	128420	0.59	351357	23610	374967	1.73	1.14
<b>Sub-total (B)(2):-</b>	<b>3911494</b>	<b>466173</b>	<b>4377667</b>	<b>20.21</b>	<b>3980955</b>	<b>486337</b>	<b>4467292</b>	<b>20.62</b>	<b>0.41</b>
<b>Total Public shareholding(B)=(B)(1)+(B)(2)</b>	<b>6772789</b>	<b>466239</b>	<b>7239028</b>	<b>33.42</b>	<b>6752625</b>	<b>486403</b>	<b>7239028</b>	<b>33.42</b>	<b>--</b>
<b>C. Shares</b>									
<b>Held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>21197698</b>	<b>466239</b>	<b>21663937</b>	<b>100.00</b>	<b>21177534</b>	<b>486403</b>	<b>21663937</b>	<b>100.00</b>	<b>--</b>

## Annexure-IV to Directors' Report

### ii) Shareholding of Promoters

S.N	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	
1	Mrs. Payel Seth	9849872	45.47	Nil	4399932	20.30	Nil	25.17
2	Mr. Pulkit Seth	1511384	6.98	Nil	6943775	32.05	Nil	25.07
3	Mr. Deepak Seth (NRI)	1544499	7.13	Nil	1544499	7.13	Nil	Nil
4	Mr. Pallak Seth (NRI)	1317646	6.08	Nil	1317646	6.08	Nil	Nil
5	Mr. Sunil Pal Seth	201448	0.93	Nil	Nil	Nil	Nil	Nil
6	Mrs. Shefali Seth	30	0.00	Nil	201478	0.00	Nil	Nil
7	Nim International Commerce Pvt.Ltd	30	0.00	Nil	30	0.00	Nil	Nil

### iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No.		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
	At the beginning of the year	14424909	66.58	Nil	Nil
	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	No change During the year			
	At the end of the year	14424909	66.58	Nil	Nil

## Annexure-IV to Directors' Report

### iv) Shareholding pattern of top ten Shareholders(other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name	No of shares at the beginning (1-4-2015)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
1.	Premier Investment Fund Limited	1070000	4.93	01-04-2015				
				17-07-2015	-1769	Transfer	1068231	4.93
				31-12-2015	-17000	Transfer	1051231	4.85
				31-03-2016			1051231	4.85
2.	Reliance Capital Trustee Co Ltd-A/C Reliance MID & Small CAP Fund	856451	3.95	01-04-2015				
				31-12-2015	-31000	Transfer	825451	3.81
				31-03-2016			825451	3.81
3.	Sanjiv Dhireshbhai Shah	665594	3.07	01-04-2015				
				25-09-2015	+665594	Transfer	1331188	6.14
				30-09-2015	-665594	Transfer	665594	3.07
				31-03-2016			665594	3.07
4.	LTS INVESTMENT FUND	131473	0.60	01-04-2015				
				10-04-2015	-2430	Transfer	129043	0.59
				17-04-2015	-500	Transfer	128543	0.59
				24-04-2015	-700	Transfer	127843	0.59
				01-05-2015	-500	Transfer	127343	0.58
				10-07-2015	-1000	Transfer	126343	0.58
				17-07-2015	-627	Transfer	125716	0.58
				24-07-2015	-250	Transfer	125466	0.57
				31-07-2015	-250	Transfer	125216	0.57
				07-08-2015	-250	Transfer	124966	0.57
				14-08-2015	-750	Transfer	124216	0.57
				21-08-2015	-750	Transfer	123466	0.56
				28-08-2015	-1000	Transfer	122466	0.56
				09-10-2015	+250705	Transfer	373171	1.72
				16-10-2015	-750	Transfer	372421	1.71
				23-10-2015	-500	Transfer	371921	1.71
				30-10-2015	-250	Transfer	371671	1.71
				20-11-2015	+2000	Transfer	373671	1.72
				04-12-2015	+1000	Transfer	374671	1.72
				31-12-2015	+500	Transfer	375171	1.73
				08-01-2016	+500	Transfer	375671	1.73
				22-01-2016	-40	Transfer	375621	1.73
29-01-2016	-3960	Transfer	371671	1.71				
18-03-2016	-12897	Transfer	358774	1.65				
31-03-2016			358774	1.65				

## Annexure-IV to Directors' Report

S. No.	Name	No of shares at the beginning (1-4-2015)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
5.	Lesing Mauritius Limited	325606	1.50	01-04-2015				
				31-03-2016			325606	1.50
6.	General Insurance Corporation of India	256666	1.18	01-04-2015				
				31-03-2016			256666	1.18
7.	Life Insurance Corporation of India	235975	1.08	01-04-2015				
				31-03-2016			235975	1.08
8.	Mayur Mukundbhai Desai	200000	0.92	01-04-2015				
				15-05-2015	-187	Transfer	199813	0.92
				14-08-2015	-6553	Transfer	193260	0.89
				21-08-2015	-415	Transfer	192845	0.89
				25-09-2015	+192845	Transfer	385690	1.78
				30-09-2015	-192845	Transfer	192845	0.89
				15-01-2016	-13000	Transfer	179845	0.83
				22-01-2016	-1782	Transfer	178063	0.82
				29-01-2016	-963	Transfer	177100	0.81
				05-02-2016	-7179	Transfer	169921	0.78
31-03-2016			169921	0.78				
9.	Meeta Kantilal Vardhan	86916	0.40	01-04-2015				
				25-09-2015	+86916	Transfer	173832	0.80
				30-09-2015	-86916	Transfer	86916	0.40
				31-03-2016			86916	0.40
10.	Chetan D shah HUF	165302	0.76	01-04-2015				
				19-06-2015	+6274	Transfer	171576	0.79
				30-09-2015	+8340	Transfer	179916	0.83
				09-10-2015	-72200	Transfer	107716	0.49
				23-10-2015	-16000	Transfer	91716	0.42
				13-11-2015	+729	Transfer	92445	0.42
				20-11-2015	+3738	Transfer	96183	0.44
				18-03-2016	-20870	Transfer	75313	0.34
				25-03-2016	-18032	Transfer	57281	0.26
31-03-2015			57281	0.26				

## Annexure-IV to Directors' Report

### V) Shareholding of Directors and Key Managerial Personnel:

S.No	Directors	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
1.	<b>Mr. Deepak Seth, Chairman</b>				
	At the beginning of the year	1544499	7.13	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year	-----	-----	-----
	At the end of the year	1544499	7.13	Nil	Nil
2.	<b>Mr. Pulkit Seth Vice-Chairman &amp; Managing Director</b>				
	At the beginning of the year	1511384	6.98	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	30-10-2015 (Inter transfer by promoter to promoter under immediate relation)		5436237	25.10
	At the end of the year			6943775	32.07
3.	<b>Mrs. Shefali Seth, Whole- Time Director</b>				
	At the beginning of the year	30	0.00	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	30-10-2015		201448	0.93
	At the end of the year			2,01,778	0.93
4.	<b>Mr. Vinod Vaish, Whole- Time Director</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year	----	----	----
	At the end of the year	Nil	Nil	Nil	Nil
5.	<b>Mr. S.B. Mohapatra, Non Executive Independent Director</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year	----	----	----
	At the end of the year	Nil	Nil	Nil	Nil
6.	<b>Mr. Chittranjan Dua, Non Executive Independent Director</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil

## Annexure-IV to Directors' Report

S.No	Directors	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
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year		----	----
	At the end of the year	Nil	Nil	Nil	Nil
7.	<b>Mr. Rajendra K.Aneja, Non Executive Independent Director</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year		----	----
	At the end of the year	Nil	Nil	Nil	Nil
8.	<b>Mr. Anil Nayar, Non Executive Independent Director</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year		----	----
	At the end of the year	Nil	Nil	Nil	Nil

### B. KEY MANAGERIAL PERSONNEL

S.No.	KMP	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
1.	<b>Mr. Raj Kumar Chawla, Chief Financial Officer</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year		----	----
	At the end of the year	Nil	Nil	Nil	Nil
2.	<b>Mr. Sandeep Sabharwal, Company Secretary</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise increase/decrease in shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweate equity etc.	No change during the year		----	----
	At the end of the year	Nil	Nil	Nil	Nil

## Annexure-IV to Directors' Report

### VI) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	14,89,21,299.44	7,18,870.00	----	<b>14,96,40,169.44</b>
ii) Interest due but not paid	-----	30,006.00	----	<b>30,006.00</b>
iii) Interest accrued but not due	8,36,928.00	54,959.00	----	<b>8,91,887.00</b>
<b>Total (i+ii+iii)</b>	<b>14,97,58,227.44</b>	<b>8,03,835.00</b>	----	<b>15,05,62,062.44</b>
<b>Change in Indebtedness during the financial year</b>	11,06,86,605.58	----		<b>11,06,86,605.58</b>
• Addition	4,92,11,943.79	8,03,835.00		<b>5,00,15,778.79</b>
• Reduction				
<b>Net Change</b>	<b>15,98,98,549.37</b>	<b>-8,03,835.00</b>	----	<b>15,90,94,714.37</b>
<b>Indebtedness at the end of the financial year</b>	12,11,31,711.65	----	----	<b>12,11,31,711.65</b>
i) Principal Amount	---	----	----	---
ii) Interest due but not paid	5,78,543.00	----	----	<b>5,78,543.00</b>
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>12,17,10,254.65</b>	----	----	<b>12,17,10,254.65</b>

### VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole- time Directors and/or Manager:

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr.Pulkit Seth	Mrs. Shefali Seth	Mr.Vinod Vaish	
<b>1.</b>	Gross Salary				
	a) Salary as per provision contained in section 17(1) of the Income Tax Act,1961	75,00,000/-	60,00,000/-	12,92,868/-	1,47,92,868/-
	b) Value of perquisites u/s 17(2) Income tax act,1961	28,800/-	28,800/-	48,670/-	1,06,270/-
	c) Profits in lieu of salary under section 17(3) Income tax Act,1961	Nil	Nil	Nil	Nil
<b>2.</b>	Stock option	Nil	Nil	Nil	Nil
<b>3.</b>	Sweet Equity	Nil	Nil	Nil	Nil
<b>4.</b>	Commission - as % of profit - others,specify....	Nil	Nil	Nil	Nil
<b>5.</b>	Others,please specify	Nil	Nil	Nil	Nil
	<b>Total(A)</b>	<b>75,28,800/-</b>	<b>60,28,800/-</b>	<b>13,41,538/-</b>	<b>1,48,99,138/-</b>

## Annexure-IV to Directors' Report

### B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr.S.B. Mohapatra	Mr.Chittranjan Dua	Mr.Rajendra K Aneja	Mr.Anil Nayar	
1.	3.Independent Directors • Fee for attending board committee meetings • Commission • Others,please specify	45,000/- Nil Nil	45,000/- Nil Nil	7,500/- Nil Nil	45,000/- Nil Nil	1,42,500/- Nil Nil
	Total (1)	45,000/-	45,000/-	7,500/-	45,000/-	1,42,500/-
		Mr. Deepak Seth				
	4. other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others,please specify	22,500/-				22,500/-
	Total(2)	22,500/-				22,500/-
	Total(B)=(1+2)					1,65,000/-
	Total Managerial Remuneration					1,50,64,138/-
	Overall Ceiling as per the Act					17,457,608

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

S.No.	Particulars of Remuneration	Name of Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary a) Salary as per provision contained in section 17(1) of the Income Tax Act,1961 b) Value of perquisites u/s 17(2) Income tax act,1961 c) Profits in lieu of salary under section 17(3) Income tax Act,1961	Nil	14,85,384/-	30,39,544/-	45,24,928/-
		Nil	32,600/-	Nil	32,600/-
		Nil	Nil	Nil	Nil
2.	Stock option	Nil	Nil	Nil	Nil
3.	Sweet Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others,specify....	Nil	Nil	Nil	Nil
5.	Others,please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>15,17,984/-</b>	<b>30,39,544/-</b>	<b>45,57,528/-</b>



## Annexure-IV to the Directors' Report

### VIII) 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)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICER IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NIL

## Annexure-V to the Directors' Report

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 of contracts or arrangements or transactions not at arm's length basis: NIL

1. Details of material contracts or arrangement or transactions at arm's length basis:

Sl.No.	Name of the related party	Nature of the relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Value (Amount in Rs.)	Date of approval of the Board, if any	Amount paid as advances, if any
1	Norp Knit Industries Limited	Subsidiary	Purchase of goods	01.04.2015 to 31.03.2016	-	1,42,22,81,843	26.05.2014	NIL
			Sale of goods			5,87,35,160		NIL
			Expenses incurred by them on our behalf			26,51,694		NIL
			Expenses paid by us on their behalf			32,27,090		NIL

For and on behalf of the Board  
for PEARL GLOBAL INDUSTRIES LIMITED

(VINOD VAISH)  
Whole-Time Director  
DIN 01945795

(PULKIT SETH)  
Managing Director  
DIN 00003044

Place: Gurgaon  
Date: August 12, 2016

## Annexure-VI to the Directors' Report

### Related Party disclosure under regulation 34 of listing regulations

#### Loan / Advances

(Amount in ₹)

Name of Party	Status	Balance as on 31.03.2016	Maximum during the year
PDS Multinational Limited India	Associates	31,353,698.00	31,428,493.00
Pearl Global Far East Limited	Subsidiary	45,217,070.00	45,863,349.00
Pearl Global (HK) Limited	Subsidiary	141,344,615.00	349,067,209.00

#### Investments (Equity Shares)

Name of Party	Status	Balance as on 31.03.2016	Maximum during the year
Pearl Global Far East Limited	Subsidiary	145,875,434.00	145,875,434.00
Norp Knit Industries Ltd	Subsidiary	220,163,592.00	220,163,592.00
Lerros Fashions India Ltd	Subsidiary	164,834,870.00	164,834,870.00
Lerros Fashions India Ltd (Preference Shares)	Subsidiary	30,000,000.00	30,000,000.00
Pearl Global (HK) Limited	Subsidiary	317,891,325.00	317,891,325.00
Pixel Industries Ltd	Subsidiary	500,000.00	500,000.00
PDS Multinational Limited India	Associates	500,000.00	500,000.00

For and on behalf of the Board  
for PEARL GLOBAL INDUSTRIES LIMITED

(VINOD VAISH)  
Whole-Time Director  
DIN 01945795

(PULKIT SETH)  
Managing Director  
DIN 00003044

Place: Gurgaon

Date: August 12, 2016

## Annexure-VII to the Directors' Report

### Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

[Pursuant to Section 134 (3)(g) of the Companies Act, 2013]

(Amount in ₹)

Sl. No.	Name of the Company	Loans	Guarantees	Investments
1	Pearl Global (HK) Limited	100,771,550	795,960,000	317,891,325
2	PDS Multinational Fashions Limited	30,000,000	-	500,000
3	Pearl Global Fareast Limited	43,960,950	-	145,875,434
4	Norp Knit Industries Limited	-	643,250,000	220,163,592
5	Lerros Fashions India Limited	-	-	164,834,870
6	Lerros Fashions India Limited(Preference Shares)	-	-	30,000,000
7	Pixel Industries Limited	-	-	500,000

## Annexure-VII to the Directors' Report

Note:

- Investment are in equity shares, unless otherwise mentioned
- Guarantees are issued to Banks to secure the facilities extended to these Companies

For and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

(VINOD VAISH)  
Whole-Time Director  
DIN 01945795

(PULKIT SETH)  
Managing Director  
DIN 00003044

Place: Gurgaon

Date: August 12, 2016

## Annexure-VIII to the Directors' Report

[Pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Sl.No.	Particulars	Disclosures
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Mr. Pulkit Seth (VC&MD) 23.56x Mrs. Shefali Seth (WTD) 18.85x Mr. Vinod Vaish (WTD) 3.99x
II	The percentage increase in remuneration of each Director, CFO, CS in the financial year	Mr. Pulkit Seth (VC&MD) NIL Mrs. Shefali Seth (WTD) NIL Mr. Vinod Vaish (WTD) 3.53% Chief Financial Officer 2.44% Company Secretary 3.87%
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 7%.
IV	The number of permanent employees on the rolls of the Company	There were approx 1,238 permanent employees as on 31 <sup>st</sup> March, 2016
V	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;	Average percentile increase in the salary of employees other than managerial personnel in the last financial year was 7.28%. Average percentile increase in the salary of Managerial personnel in the last financial year was 4.05%.
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration paid to Directors/employees is as per remuneration policy.

For and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

(VINOD VAISH)  
Whole-Time Director  
DIN 01945795

(PULKIT SETH)  
Managing Director  
DIN 00003044

Place: Gurgaon

Date: August 12, 2016

## Annexure-IX to the Directors' Report

[Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended

### List of top ten employee in terms of remuneration drawn

Sl. No.	Name of Employee	Designation	Educational qualification	Age	Experience (in years)	Date of Joining	Remuneration paid	Previous employment	Percentage of equity share held	Whether employee is relative of any Director or Manager
1	Mr. Pankaj Bhasin	Vice-President (Merchandising)	B.Com and Apparel Production Management Programme	43	21	15/07/1995	9,371,061.00	NIL	NIL	No
2	Mr. Anand Bhatia	Vice-President (Production)	B.Sc., MBA	47	24	09/08/2011	4,691,146.00	Factory Manager, Texport Fashion Ltd	NIL	No
3	Mr. Shailendra Sancheti*	Head-Audit & Commercial	B.Com, CA	53	32	06/04/2011	4,491,104.00	Manager Finance & Admin, The Edible Oil Company LLC, Dubai	NIL	No
4	Mr. Raj Kumar Chawla	Chief Financial Officer	B.Com, CA	42	20	15/02/2012	3,039,544.00	GM-F&A, Shyam Telecom, Ltd,	NIL	No
5	Mr. Ashish Garg	Vice-President (Sampling & Merchandising)	B.Sc., PG-GMT	38	17	30/01/2010	2,260,887.00	Sr. Business Manager, Shahi Export	NIL	No
6	Mr. Sachin Gupta	Vice-President (Merchandising)	B. E. (IE) from IIT Roorkee	42	21	08/02/2011	2,175,746.00	Busana Apparel Group, Indonesia	NIL	No
7	Mr. Varun Bhaskar	Vice-President (Operations)	B.A., MBA	37	17	18/07/2011	1,921,271.00	CEO, Krisven International, Gurgaon	NIL	No
8	Mr. Amit Mohan	Group CFO	B.Com (Hons), CA, CPA, ISA	50	27	02/11/2015	1,752,235.00	CFO, Vishvaraj Infrastructure, Nagpur	NIL	No
9	Mr. Shakti Sinha	Head-Merchandising-SBUYS	B.Sc., MBA	47	22	23/04/2015	1,650,905.00	Business Head, Retail, Shri Lakshmi Cotsyn Ltd,	NIL	No
10	Mr. Sandeep Sabharwal	Company Secretary	B.Com (Hons), CS	49	24	01/05/2008	1,517,984.00	Company Secretary, Salora International	NIL	No

\* Relieved from the services upon resignation w.e.f. 16.12.2015

## Annexure-IX to the Directors' Report

### Remuneration of Executive Directors

Sl. No.	Name of Employee	Designation	Educational qualification	Age	Experience (in years)	Date of Joining	Remuneration paid	Previous employment	Percentage of equity share held	Whether employee is relative of any Director or Manager
1	Mr.Pulkit Seth	Managing Director	Bachelor of Business Management	36	12	1/11/2004	7,528,800.00	NIL	32.07	Yes
2	Mrs. Shefali Seth	Whole-Time Director	Bachelor degree in Business Administration	35	11	1/5/2005	6,028,800.00	Pearl Global Ltd.	0.93	Yes
3	Mr. Vinod Vaish	Whole-Time Director	B.Sc.	58	26	8/6/2009	1,341,538.00	Director,Uttranchal Biodiesel Ltd	NIL	No

For and on behalf of the Board  
for PEARL GLOBAL INDUSTRIES LIMITED

(VINOD VAISH)  
Whole-Time Director  
DIN 01945795

(PULKIT SETH)  
Managing Director  
DIN 00003044

Place: Gurgaon

Date: August 12, 2016

## Annexure X to the Directors' Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

### A. CONSERVATION OF ENERGY

**(i) Steps taken for conservation of energy:**

- Installed Steam boilers in place of electrical boilers
- Replaced old office electrical items like Air Conditions, fans with energy efficient ones.
- Other measures like placing focused lighting systems and reducing lights wherever not needed.
- Effective utilization of work station for energy conservation

**(ii) Steps taken by the Company for utilizing alternate sources of energy:**

The Company being into garment manufacturing does not consume heavy electricity. Hence, presently Company is not exploring alternate source of energy.

**(iii) The Capital investment on energy conversation equipment: NIL**

### B. TECHNOLOGY ABSORPTION:

**(i) Efforts made towards technology absorption:**

Not Applicable

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

Not Applicable

## Annexure X to the Directors' Report

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

- |   |                |
|---|----------------|
| a Technology Imported   | Not Applicable |
| b Year of Import  | N.A.           |
| c Has technology been fully absorbed?   |                |
| d If not fully absorbed, areas where this has not taken place, and the reasons. |                |

(iv) The expenditure incurred on Research & Development:

Expenditure on R & D	(₹ / Lacs)	
	2015-16	2014-15
a) Capital	NIL	NIL
b) Recurring	447.80	684.45
<b>Total</b>	<b>447.80</b>	<b>684.45</b>

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings (Amount in ₹)

Particulars	2015-16	2014-15
Export of Goods - FOB basis	6,971,317,985	5,751,268,124
Interest Income	18,320,275	19,965,453
IT/SAP Income	12,914,118	17,797,921
<b>Total</b>	<b>7,002,552,378</b>	<b>5,789,031,498</b>

Foreign Exchange Outgo

(Amount in ₹)

Particulars	2015-16	2014-15
Foreign Travelling	5,780,248	4,127,438
EDI Expenses	1,606,996	1,966,815
Others	19,746,763	11,089,016
<b>Total</b>	<b>27,134,006</b>	<b>17,183,269</b>

For and on behalf of the Board  
for PEARL GLOBAL INDUSTRIES LIMITED

(VINOD VAISH)  
Whole-Time Director  
DIN 01945795

(PULKIT SETH)  
Managing Director  
DIN 00003044

Place: Gurgaon

Date: August 12, 2016

# Statement containing salient features of the financial statement of subsidiary companies

[ Pursuant to first proviso to Sub-Section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014-AOC-1]

(Rs. in Lacs)

Sl. No.	Name of Subsidiary	Date of Acquisition	Reporting Period	Reporting Currency	Exchange rate	Equity Share Capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit/ Loss before taxation	Provision for taxation	Profit /Loss after taxation	Proposed dividend	% of share-holding
1	Lerros Fashions India Limited	30/3/2007	31-Mar-16	INR	0	2763.91	-2633.29	431.17	0.54	0.00	739.00	-52.91	-16.87	-36.04	-	100
2	Pixel Industries Limited	18/6/2014	31-Mar-16	INR	0	5.00	-2.35	2.88	0.23	0.00	-	-0.54	0.00	-0.54	-	100
3	Norp Knit Industries Limited	22/3/2006	31-Mar-16	BDT	0.83	2806.42	3784.75	22707.80	16116.63	0.00	49381.15	1394.12	259.61	1134.51	-	99.99
4	Peal Global (HK) Limited	22/12/2009	31-Mar-16	USD	66.33	3243.54	1272.49	14911.97	9451.58	998.35	44746.72	1247.66	289.20	958.46	-	100
5	Pearl Global Fareast Limited	16/3/2009	31-Mar-16	HKD	8.52	1547.77	818.26	3964.36	1598.33	0.00	8420.68	330.95	0.00	330.95	-	100
6	DSSP Global Limited	8/11/2012	31-Mar-16	USD	66.33	998.35	1646.50	4515.00	925.79	696.45	14628.70	436.45	128.20	308.26	-	100
7	PT Pinnacle Apparels	30/3/2006	31-Mar-16	USD	66.33	997.58	2156.09	4072.50	918.83	0.00	14437.31	431.81	112.13	319.68	311.75	69.91

## Note:

- (i) In addition to above the Company has invested in 3000000 Preference Shares of Rs. 10/- each aggregating Rs. 3,00,00,000/- of Lerros Fashions India Limited
- (ii) Figures of profit & loss converted at average rate.
- (iii) DSSP Global Limited is subsidiary Company of Pearl Global (HK) Limited.
- (iv) PT Pinnacle Apparels is subsidiary Company of DSSP Global Limited.

# Corporate Governance

## 1. COMPANY'S PHILOSOPHY

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to Values, good governance practices stem from culture and mindset of the organization.

The Company has an unwavering commitment to uphold sound corporate governance standards and highest business conduct. Being a value driven organization, Pearl Global Industries Limited has always worked towards building trust with stakeholders based on the principles of corporate governance.

Pearl Global Industries Limited strives to foster a corporate culture in which high standard of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealing and shared by its Board of Directors, Management and employees. Over the years governance process and systems have been strengthened at Pearl Global Industries. In addition to complying with the statutory requirements, effective governance system and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place.

Your Company is committed to best Corporate Governance and has fully complied with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Company in its endeavor towards the best Corporate Governance and to provide transparency initiated various measures.

Your Company is committed towards its buyers, institutions/bankers, employees/workers and other government agencies which are directly or indirectly concerned with the Company.

This report along with the chapters on Management Discussion and Analysis reports company's compliance with clause 49 of the listing agreement and SEBI Listing Regulations.

## 2. BOARD OF DIRECTORS

As on 31<sup>st</sup> March 2016, the Company's Board of Directors consists of 8 (Eight) members. The Chairman of the Board is non-executive Promoter Director. The Board comprises of three executive Director of whom one women Director and five non-executive Directors, of whom four are Independent Directors. The composition of the Board is in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All non-executive independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

**Composition and Category of the Board as on 31.03.2016 and their attendance in the Board and Annual General Meetings are as hereunder:**

S. No.	Name of Director	Category	No. of outside Directorships*	No. of Committee		Attendance	
				Member	Chairman	Board Meetings	Annual General Meeting
1	Mr. Deepak Seth	Promoter, Non-Executive	1	2	--	3	Yes
2	Mr. Pulkit Seth	Promoter, Executive	1	2	--	4	Yes
3	Mrs. Shefali Seth	Promoter, Executive	1	--	--	3	No
4	Mr. Vinod Vaish	Executive	1	4	1	5	Yes
5	Mr. Samar Ballav Mohapatra	Independent Non-executive	-	3	2	5	Yes
6	Mr. Chittranjan Dua	Independent Non-executive	6	8	2	5	Yes
7	Mr. Rajendra K Aneja	Independent Non-executive	-	1	--	1	No
8	Mr. Anil Nayar	Independent Non-executive	-	2	1	5	Yes

\*Foreign Companies, Bodies Corporate, Private Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose.



# Corporate Governance

Mr. Deepak Seth, Chairman, Mr. Pulkit Seth, Vice Chairman & Managing Director and Mrs. Shefali Seth, Whole-Time Director are relatives. Mrs. Shefali Seth is wife of Mr. Pulkit Seth, Mr. Pulkit Seth is Son of Mr. Deepak Seth.

There is no Nominee or Institutional Directors on the Board of the Company. Non-executive Directors does not hold any shares of the Company.

During the financial year 2015-16, five (5) Board Meetings were held on 22<sup>nd</sup> May 2015, 11<sup>th</sup> August 2015, 9<sup>th</sup> November 2015, 12<sup>th</sup> February, 2016 and 11<sup>th</sup> March, 2016.

Mr. Deepak Seth, Chairman holds 15,44,499 equity shares (7.13%), Mr. Pulkit Seth, Vice Chairman & Managing Director holds 69,47,621 equity shares (32.07%) and Mrs. Shefali Seth, Whole Time Director holds 2,41,478 equity shares (0.93%) of the Company. No other Director holds any equity share in the Company.

Details of familiarisation programmes imparted to Independent Directors are disclosed at Company's website at <http://www.pearlglobal.com/investors/policy>

## Information supplied to the Board

The Board has complete access to all information with the company. *Inter alia*, the following information are provided to the board and the agenda papers for the meetings are circulated in advance of each meeting or are tabled.

- Annual Operating plans and budgets, Capital budgets, updates;
- Quarterly results for the company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee and other committees of the board;
- Information on recruitment and remuneration of senior officers just below the board level including appointment or removal of Chief Financial Officer and Company Secretary;
- Materially important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents or dangerous occurrences;
- Any materially significant effluent or pollution problems;
- Any materially relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of a substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions;
- Any significant development in the human resources and industrial relations fronts;
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement, and
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder services such as non-payment of dividend and/or delay in share transfer.

## 3. AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 177 of the Companies Act, 2013 and the guidelines set out in Clause 49 of the Listing Agreement / Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference includes:-

- Overseeing financial reporting processes.
- Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- Discussion and review of periodic audit reports and
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Recommending the appointment, remuneration and removal of statutory auditors.
- Discussing with internal auditors any significant findings and follow up there on.
- Reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the Company's risk management policies / systems.

# Corporate Governance

- Reviewing the financial statements and quarterly financial results.
- Reviewing Management discussion and analysis of financial condition and result of operations.
- Reviewing statement of significant related party transactions.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Scrutiny of inter-corporate loans and investments.

All the members of Audit Committee are Non-Executive Directors except Mr. Vinod Vaish and the Chairman of the Committee is Non-Executive Independent Director. All the members of the committee possess financial/accounting expertise.

Mr. Sandeep Sabharwal, General Manager and Company Secretary acts as Secretary of the Audit Committee.

During the year, the Audit Committee, met four times and discharged its responsibilities in accordance with Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement / SEBI Listing Regulations. The meetings of the Audit Committee were held on 22<sup>nd</sup> May 2015, 11<sup>th</sup> August 2015, 9<sup>th</sup> November 2015 and 12<sup>th</sup> February 2016 during the financial year 2015-16. The maximum gap between any two meetings was less than one hundred twenty days.

During the year 2015-16, the members of the Audit Committee and their attendance are as under:

Audit Committee	
Composition	No. of Meetings attended
Mr. Anil Nayar – Chairman	4
Mr. Vinod Vaish – Member Director	4
Mr. S.B. Mohapatra – Member Director	4

## 4. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference of the Nomination and Remuneration Committee include:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan;

All the members of the Nomination and Remuneration Committee are Non Executive Independent Directors.

One meeting of the Nomination and Remuneration Committee was held on 9<sup>th</sup> November, 2015, during the financial year 2015-16. Details of meeting of the members of Nomination and Remuneration Committee and their attendance are as under:

Nomination and Remuneration Committee	
Composition	No. of Meetings attended
Mr. S.B. Mohapatra – Chairman	1
Mr. Anil Nayar – Member Director	1
Mr. Rajendra Kumar Aneja – Member Director	1

# Corporate Governance

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board.

- Attendance and contribution at Board and Committee meetings
- Knowledge on specific matters like finance, legal, marketing, internal controls, risk management, and business operations.
- Pro-active and positive approach with regard to Board and Senior Management particularly the arrangement for management of risk and the steps needed to meet challenges from the competition.
- Openness to ideas, perspectives and opinions and ability to challenge old practices and throwing up new ideas for discussion.
- Capacity to effectively examine financial and other information on operations of the Company and the ability to make positive contribution thereon.

## 5. REMUNERATION OF DIRECTORS

Details of remuneration paid to all the Directors for the year 2015-16 are as under:

(Amount in Rs.)

Name of the Director(s)	Mr. Deepak Seth	Mr. Pulkit Seth	Mr. Anil Nayar	Mr. C R Dua	Mr. Samar Ballav Mohapatra	Mr. Rajendra K Aneja	Mrs. Shefali Seth	Mr. Vinod Vaish
Designation	Chairman	Managing Director	Director	Director	Director	Director	Whole Time Director	Whole Time Director
Salary	--	75,00,000	--	--	--	--	60,00,000	7,09,980
Benefits	--	--	--	--	--	--	--	--
HRA	--	--	--	--	--	--	--	3,54,960
SPL..Allowance	--	--	--	--	--	--	--	1,90,428
Medical	--	--	--	--	--	--	--	15,000
Bonus	--	--	--	--	--	--	--	--
Commission	--	--	--	--	--	--	--	--
Pension	--	--	--	--	--	--	--	--
Others (Provident Fund )	--	21,600	--	--	--	--	21,600	21,600
Break up of fixed components and Performance linked incentives with performance criteria	--	--	--	--	--	--	--	--
Performance Incentive	--	--	--	--	--	--	--	--
Service Contract	--	3 years	--	--	--	--	3 years	1 year 9 months
Notice Period, Severance fees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Options details (if any): Whether issued at discount. Period over which it is accrued and is exercisable	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting Fees	22,500	--	45,000	45,000	45,000	7,500	--	--
<b>Total</b>	<b>22,500</b>	<b>75,21,600</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>7,500</b>	<b>60,21,600</b>	<b>12,91,968</b>

A sitting fee of Rs. 7,500/- is payable to Non Executive Directors for attending each Board meeting. A sitting fee of Rs. 7,500/- is payable to Independent Directors for attending meeting of Independent Directors. Besides above, the Company does not pay any other commission or remuneration to its Directors. The Company has no policy of stock option, pension or severance fee for its Directors. Notice period of executive directors are as per Company policy, i.e. 3 months. The Company does not have any separate service contract with executive directors apart from Resolution of Board/shareholders.

# Corporate Governance

## 6. STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee comprises of:

Mr. S.B.Mohapatra - Chairman

Mr. Pulkit Seth - Member

Mr. Vinod Vaish - Member

The Chairman of the Committee is Non- Executive Independent Director.

Mr. Sandeep Sabharwal, Company Secretary, is the Compliance Officer of the Company.

### Status of Shareholders Complaints during the year

Complaints at the beginning of the year. 1 <sup>st</sup> April 2015	Complaints received during the year. 1 <sup>st</sup> April 2015 – 31 <sup>st</sup> March 2016	Complaints settled during the year. 1 <sup>st</sup> April 2015 – 31 <sup>st</sup> March 2016	Complaints pending at the ending of the year. 31 <sup>st</sup> March 2016
Nil	5	5	Nil

## 7. GENERAL BODY MEETINGS

Location and time where last 3 Annual General Meetings were held:

Year	AGM	Location	Date	Time
2012-13	24 <sup>th</sup>	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003	27.09.2013	10.30 A.M.
2013-14	25 <sup>th</sup>	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003	26.09.2014	10.30 A.M.
2014-15	26 <sup>th</sup>	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003	22.09.2015	10.30 A.M.

### Detail of Special Resolutions Passed During last three Annual General Meetings:

Sl. No.	Particulars of Special Resolution	Date	Financial Year
1	Re-appointment of Mrs. Shefali Seth as Whole-Time Director of the Company.	22 <sup>nd</sup> September, 2015	2014-15
	Re-appointment of Mr. Vinod Vaish as Whole-Time Director of the Company.	22 <sup>nd</sup> September, 2015	2014-15
2	Payment of remuneration to Mr. Pulkit Seth as Managing Director commencing from 1 <sup>st</sup> June,2014	26 <sup>th</sup> September,2014	2013-14
	Payment of remuneration to Mrs. Shefali Seth as Whole Time Director commencing from 1 <sup>st</sup> June,2014	26 <sup>th</sup> September,2014	2013-14
	Borrowing powers of Board of Directors under Section 180(1)(C) of the Companies Act,2013 not exceeding Rs.500 Crores	26 <sup>th</sup> September,2014	2013-14
	Pursuant to Section 188 of the Companies Act, 2013 for entering into contract or arrangement with related parties.(Six (6) separate resolutions)	26 <sup>th</sup> September,2014	2013-14
3	Re-Appointment and payment of remuneration to Mr. Pulkit Seth as Managing Director for a period of three years commencing from 1 <sup>st</sup> June,2013 to 31 <sup>st</sup> May,2016	27 <sup>th</sup> September,2013	2012-13
	Payment of remuneration to Mr. Vinod Vaish as Whole time Director for a period of three years commencing from 19 <sup>th</sup> January, 2012 to 18 <sup>th</sup> January, 2015	27 <sup>th</sup> September,2013	2012-13

During the year, no Special Resolution was passed through Postal Ballot. No special resolution is proposed to be conducted through postal ballot.

# Corporate Governance

## 8. MEANS OF COMMUNICATION

- (i) The quarterly results of the Company are published in leading and widely circulated English/Hindi National/Regional Newspapers as per the requirements of the Listing Regulations with the Stock Exchanges. The results are also submits to the BSE Limited and National Stock Exchange of India Limited, through their online portal.
- (ii) The results normally published in Business Standard (English) and Naya India (Hindi).
- (iii) The Company's Financial Results, Shareholding Pattern and official news releases are displayed on the Company's website [www.pearlglobal.com](http://www.pearlglobal.com)
- (iv) The Company regularly updates the media, analysts, institutional investors, etc., through a formal presentation on its financials as well as other business developments.

## 9. GENERAL SHAREHOLDER INFORMATION

### (i) Annual General Meeting

27<sup>th</sup> Annual General Meeting is scheduled as under:-

Day	Date	Time	Venue
Tuesday	27 <sup>th</sup> September, 2016	10.30 A.M.	Sri Sathya Sai International Centre, Pragati Vihar (Nr. Pragati Vihar Hostel), Lodhi Road, New Delhi-110 003

(ii) **Financial year** : The financial year covers the period 1<sup>st</sup> April to 31<sup>st</sup> March.

(iii) During the year 2015-16, the Company paid an interim dividend. The 21<sup>st</sup> March, 2016 was the record date for payment of said interim dividend.

### (iv) Financial Calendar, 2016-17 (Tentative)

First Quarter Results	:	Second week of August, 2016
Second Quarter & Half Yearly Results	:	Second week of November, 2016
Third Quarter Results	:	Second week of February, 2017
Fourth Quarter & Annual Results	:	Last week of May, 2017

(v) **Date of Book Closure** : 20<sup>th</sup> September, 2016 to 27<sup>th</sup> September, 2016  
(both days inclusive)

### (vi) Listing on Stock Exchanges and their Stock Code

Name of the Stock Exchanges, wherein shares of the Company are currently listed and their Script Code:

Stock Exchange	Script Code
<b>BSE LIMITED</b> 1 <sup>ST</sup> FLOOR, NEW TRADING RING ROTUNDA BUILDING, P. J. TOWERS DALAL STREET, FORT, MUMBAI – 400 001Mumbai	<b>532808</b>
<b>NATIONAL STOCK EXCHANGE OF INDIA LTD.</b> “EXCHANGE PLAZA”, PLOT NO. C- 1, G- BLOCK, BANDRA - KURLA COMPLEX, BANDRA ( E ), MUMBAI - 400 051	<b>PGIL</b>

# Corporate Governance

The Annual Listing Fee for the financial year 2015-2016 has been paid to the Stock Exchanges within stipulated time.  
The ISIN No. of the equity shares of your Company is **INE940H01014**.

## (vii) Market Price Data: High, Low during each month in financial year 2015-16:

MONTH(S)	BOMBAY STOCK EXCHANGE Company Code: 532808		NATIONAL STOCK EXCHANGE Company Code: PGIL	
	HIGH	LOW	HIGH	LOW
April 2015	282.00	246.00	283.80	246.10
May 2015	267.50	235.30	269.00	236.25
June 2015	245.00	214.00	257.65	205.75
July 2015	269.90	213.00	277.00	210.10
August 2015	241.70	202.00	242.00	195.00
September 2015	219.90	184.00	223.95	183.00
October 2015	220.00	192.00	222.95	190.00
November 2015	227.00	193.00	227.95	193.00
December 2015	255.00	205.10	257.25	203.00
January 2016	250.80	210.00	249.90	207.00
February 2016	239.60	205.00	240.00	206.00
March 2016	231.70	212.00	235.90	201.00

## (viii) Share price performance in comparison to BSE Sensex and NSE Nifty:

MONTH(S) (As on end of last trading day of the month)	SHARE PRICES COMPARISON			
	PGIL	BSE (Sensex)	PGIL	NSE (Nifty)
April 2015	253.30	27,011.31	252.30	8,181.50
May 2015	240.50	27,828.44	237.00	8,433.65
June 2015	215.00	27,780.83	215.00	8,368.50
July 2015	221.10	28,114.56	220.80	8,532.85
August 2015	213.20	26,283.09	214.20	7,971.30
September 2015	195.00	26,154.83	194.75	7,948.90
October 2015	200.30	26,656.83	199.10	8,065.80
November 2015	214.00	26,145.67	214.30	7,935.25
December 2015	250.40	26,117.54	240.90	7,946.35
January 2016	228.40	24,870.69	228.90	7,563.55
February 2016	213.50	23,002.00	212.75	6,987.05
March 2016	228.20	25,341.86	230.10	7,738.40

# Corporate Governance

## (ix) Registrar and Share Transfer Agent

Link Intime India Pvt. Limited  
44, Community Centre, 2<sup>nd</sup> Floor,  
Naraina Industrial Area,  
Phase – I, Near PVR Naraina  
New Delhi - 110 028.  
Tel. No.: 011 - 41410592 - 94  
Fax No.: 011 - 41410591  
E-mail : [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

## (x) Share Transfer System

The Company's shares being in compulsory demat form are transferable through the depository system. The Shares in physical form are processed by the Registrar and Transfer Agents and approved by the Stakeholder Relationship Committee. Share transfer process reviewed by the Board.

## (xi) Distribution Schedule

### (a) Distribution of Equity Shareholding of the Company as on 31<sup>st</sup> March 2016

Number of Equity Shares * held	Shareholders		Equity shares held	
	Numbers	% to total	Numbers	% to total
1 - 500	19857	96.66	1375306	6.35
501 - 1000	329	1.60	244414	1.13
1001 - 2000	188	0.91	268137	1.24
2001 - 3000	50	0.24	125154	0.58
3001 - 4000	28	0.14	100331	0.46
4001 - 5000	16	0.08	75510	0.35
5001 - 10000	28	0.14	190068	0.88
10001 and above	43	0.23	19285017	89.01
<b>Total</b>	<b>20539</b>	<b>100.00</b>	<b>21663937</b>	<b>100.00</b>

### (b) Categories of Shareholders as on 31<sup>st</sup> March 2016

	No. of Folio's	% to total Folios	No. of Shares Held*	% to total Shares
<b>PROMOTERS</b>				
Indian	4	0.02	11562764	53.37
NRI	2	0.01	2862145	13.21
<b>TOTAL (A)</b>	<b>6</b>	<b>0.03</b>	<b>14424909</b>	<b>66.58</b>
Mutual Funds / Foreign Portfolio Investors	3	0.02	2235456	10.32
Financial Institutions/Banks	7	0.03	536280	2.48
NRI's / Foreign Companies	185	0.90	441294	2.04
Bodies Corporate	186	0.91	405541	1.87
Clearing Members	73	0.36	27427	0.13
Individual	19301	93.97	3361178	15.51
Hindu Undivided Family	777	3.78	231692	1.07
Trusts	1	0.00	160	0.00
<b>TOTAL (B)</b>	<b>20533</b>	<b>99.97</b>	<b>7239028</b>	<b>33.42</b>
<b>TOTAL { (A) + (B) } = (C)</b>	<b>20539</b>	<b>100.00</b>	<b>21663937</b>	<b>100.00</b>

\* Equity Share of the face value of Rs.10/- each.

# Corporate Governance

## (xii) Dematerialisation of Shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on 31<sup>st</sup> March 2016, 21177534 equity shares of the Company forming 97.75% of the Share Capital of the Company stand dematerialized.

## (xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants etc. till date.

## (xiv) Plant locations:

The Company have following plants at various locations in India, Bangladesh and Indonesia, as follows:

- i) 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana)
- ii) 751, Pace City II, Sector 37, Khandsa, Gurgaon - 122 004 (Haryana)
- iii) 16-17, Udyog Vihar, Phase VI, Khandsa, Gurgaon - 122 004 (Haryana)
- iv) Norp Knit Industries Ltd., North Khilkar, P.O. National University, Gazipur, Bangladesh.
- v) PT Pinnacle Apparels, Tanjung Emas Export, Processing Zone, Blok A-15-15A, JL Coaster No. 8, Semarang 50174 Indonesia.
- vi) Plot No.73,Udyog Vihar,Phase-I,Gurgaon-122016
- vii) Plot No.274,Udyog Vihar,Phase-II,Gurgaon-10016
- viii) B-17,A2,and SA 17SA2 1<sup>st</sup> Street, SIDCO, Industrial Estate, MMDA, Arunbakkam, Chennai-600106
- ix) No.64,Janakiraman Nagar,Puthagaram,Cuddapa Road,Kilattur,Chennai-600009
- x) NH-45 Chettipunniam Village near Chengalpattu,Kanchipuram district, Chennai-603204
- xi) 292/9,Madharpakkam,Gummidipoondi Taluk,Thiruvallur,-601202
- xii) Plot No 309, Udyog Vihar, Phase-II, Gurgaon – 122016, Haryana
- xiii) Plot at Khasra No 15/19 & 22, Village Begumpur Khatola, Gurgaon, Haryana – 122001
- xiv) Plot Delhi, situated at NTTTF Road, 2<sup>nd</sup> Phase, Peenya Industrial Area., Bengaluru-560058

## (xv) Registered Office of the Company:

A-3, Community Centre, Naraina Industrial Area,  
Phase-II, New Delhi - 110 028

### Corporate Office & Address for Correspondence:

Pearl Tower, Plot No.51, Sector-32  
Gurgaon - 122 001, Haryana (India)

### In case of any Complaint, Investors can contact Compliance Officer:

Mr. Sandeep Sabharwal  
Company Secretary  
Pearl Global Industries Limited  
Pearl Tower, Plot No.51, Sector-32  
Gurgaon - 122 001, Haryana (India)  
Tel. No. : 91 - 124 - 4651714  
Fax No. : 91 - 124 - 4651173

## 10. OTHER DISCLOSURES

- a) There had been no materially significant related party transaction that might have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 29 of Notes to Financial Statement in the Annual Report.



# Corporate Governance

- b) There has been no non-compliance, penalties/strictures imposed on the company by Stock Exchange(s) or SEBI or any other Statutory Authority, on any matter related to capital markets, during the last three years.
- c) The Company has a Whistle Blower Policy and Vigil Mechanism. No personnel of the Company have been denied access to the Audit Committee.
- d) The Company has complied with all the mandatory requirements including Regulations 17 to 27 and 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e) As regard the non-mandatory requirements, the extent of compliance has been stated in this report against each of them.
- f) Policy for determining 'material' subsidiaries is disclosed at Company's website at <http://www.pearlglobal.com/investors/policy>
- g) Policy on dealing with related party transactions is disclosed at Company's website at <http://www.pearlglobal.com/investors/policy>

## **Non-Mandatory Requirements as specified in Part E of Schedule II of the SEBI Listing Regulations**

Discretionary requirements are as follows:-

### **A. The Board**

Maintenance of Non-Executive Chairman's Office

Presently, the Company is not maintaining office of the Non-Executive Chairman.

### **B. Shareholders Rights**

Half-yearly financial performance and summary of significant events to be sent to each household of shareholders.

The Company's Financial Results, Shareholding Pattern and official news releases are displayed on the Company's website [www.pearlglobal.com](http://www.pearlglobal.com).

**C. Modified opinion(s) in audit report** – there is no modified opinion in the audit report.

### **D. Separate Posts of chairperson and chief executive officer**

Presently, the Company has separate post of Non-executive Chairman and Managing Director.

**E. Reporting of internal auditor**-The internal auditor reports to Audit Committee as and when required.

### **Compliance with the Code of Conduct**

The Company has adopted a "Code of Conduct for the Directors and Senior Management". The Code is available on the official website of the Company [www.pearlglobal.com](http://www.pearlglobal.com).

The declaration from the Managing Director regarding compliance with the code by all the Directors and Senior Management forms part of the Report.

### **Compliance certificate on Corporate Governance**

A certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed with this Annual Report.

### **CEO/CFO CERTIFICATION**

The Managing Director and Chief financial Officer have certified to the Board, *inter alia*, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year ended 31<sup>st</sup> March 2016.

# Corporate Governance

## **Disclosure with respect to demat suspense account / unclaimed suspense account:**

In regards, shares remains unclaimed and lying in the IPO escrow A/c of the company for the financial year 2015-16, information is as follows:

- Total shares outstanding at the beginning of Financial Year are 420 & total number of shareholders is 20.
- Number of shareholders approached the company for transfer of shares: Nil
- No. of shareholders to whom shares transferred from escrow a/c: Nil
- Aggregate number of shareholders & shares at the close of the year are 20 and 420 respectively.
- Voting rights of these shares shall remain frozen till claim made against their shares.

## **Electronic Clearing Service (ECS)**

SEBI had vide its Circular No. DCC/FITTCIR-3/2001 dated October 15, 2001 advised that all companies should mandatorily use ECS facility wherever available. In the absence of ECS facility, companies may use warrants for distributing the dividends and vide its Circular No. D&CC/FITTCIR-04/2001 dated November 13, 2001 had advised companies to mandatorily print the Bank Account details furnished by the Depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository account, may notify their DPs about any change in the Bank Account details.

## **Depository Services**

For guidance on depository services, shareholders may write to the Company or to the respective Depositories:

### **National Securities Depository Ltd.**

Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel, Mumbai-400013  
Telephone : 022-24994200  
Facsimile : 022-24972993  
E-Mail : [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website : [www.nsdl.co.in](http://www.nsdl.co.in)

### **Central Depository Services (India) Ltd.**

Phiroze Jeejeebhoy Towers  
28<sup>th</sup> Floor, Dalal Street, Mumbai-400023  
Telephone : 022-22723333/3224  
Facsimile : 022-22723199  
E-Mail : [investors@cdslindia.com](mailto:investors@cdslindia.com)  
Website : [www.cdslindia.com](http://www.cdslindia.com)

# Management Discussion and Analysis



## INDUSTRY OVERVIEW

### a) India's Textile Market

India's total textile and apparel Industry (domestic plus exports) is a \$ 108 billion market, of which roughly \$ 40 billion is export oriented. This is projected to grow at a CAGR of 9.5% and almost double at \$ 221 billion by 2021. Textile industry plays a significant role in India's economy, which is largely dependent on textile manufacturing and exports. The industry is the second largest employer after agriculture, providing direct employment to over 45 million people. The Indian textile industry contributes approximately 5% to India's GDP and 14% to overall index of Industrial production (IIP). Furthermore, the textile and apparel exports contribute roughly 11% to India's export earning. Textile exports have grown by roughly 11% over last decade and accounts for 5% of India's total global trade. With rising GDP growth in India and in India and a subsequent growth in consumer spending, India's textile and apparel sector witness a plethora of opportunities to flourish, irrespective of the global market conditions.

### b) India's Trade Scenario

As per latest available statistics exports of RMG's account

for 47% of India's total textiles export. India's textiles products, including handlooms and handicrafts, are exported to more than 100 countries. However the USA and the EU account for about two-third of the total textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hongkong, Canada, Egypt, among other nations.

India's overall textile exports grew by 9% CAGR since 2000 with fibre exports registering the highest CAGR in recent years. India's share of worldwide textile and apparel exports currently stands at 4%. This figure is estimated to grow to 8% by 2020 and will open up huge potential for Indian players. US is the biggest export destination for Indian textile and apparel. The US department of commerce, places India as the second-highest exporter of textile and garments, surpassing China.

## COMPANY OVERVIEW

Pearl Global Industries Limited (PGIL) is one of India's largest listed garment exporters, manufacturing from multiple sourcing regions within India and countries within South Asia. A preferred long-term vendor to most leading global brands, we are amongst the leading player in our Industry.

# Management Discussion and Analysis



Our mainstay business is to create value from competitively manufacturing and exporting fashion garments to leading global brands. We have now also ventured into e-retail through established digital channels and our own e-com portal SbuyS.in, giving consumers access to global fashion at attractive values.

Our product range includes knits, woven and bottoms (basic and complex designs) across men, women and kids wear segments. We have a well diversified and de-risked manufacturing base across India, Indonesia and Bangladesh. We have a total capacity to manufacture around 5.4 million garments per month (including own and outsourced facilities). Our revenue structure is primarily export based, with a major contribution coming from exports to the United States. We provide total supply chain solutions to customers-value retailers and high end fashion brand, retails in the United States and Europe. Our business model enables us to offer superior quality products across various countries, catering to all kinds of consumers. Our esteemed global clientele includes premium retailers in USA and Europe, including GAP, Banana Republic, Kohl's, Macy, Ralph, Lauren, Tom Tailor and next among others.

We strive to be the most preferred vendor to the top global apparel brands and be ranked amongst the top garment

manufacturers in the world, in terms of quality, service standards and ultimately-customer satisfaction, keeping in line with our broader vision.

## 1. Our manufacturing facilities

Country	Name	Factories	Capacity Mn Pieces/ Month	Machines
India	Pearl Global	8	1.68 Lacs	4500
Bangladesh	Norp knit	5	1.80 Lacs	3400
Indonesia	PT Pinnacle	2	0.35 Lacs	1100
<b>Total</b>		<b>15</b>	<b>3.83 Lacs</b>	<b>9000</b>

## 2. Our Pillars of Strengths

### a) **A Multi Location Manufacturing capability**

Global apparels sourcing market is witnessing a shift from China to other low-cost Asian countries, primarily Bangladesh, India and Indonesia. Our Company already has a strong manufacturing presence in leading sourcing nations such as India, Bangladesh and Indonesia. Each of these countries exhibits certain core advantages.

### b) **Design Cell**

Our Company has a dedicated in house design team of 75+ designers in Hong kong, India and Indonesia.

# Management Discussion and Analysis

The design teams continuously observe the trend in all markets across the world and visit almost all the globally renowned fashion and textile fairs to refresh their inspiration for new design ideas. As a result they are well equipped to serve the global brands from concept boards to ready new samples. New design ideas also emerge from our various marketing teams, who are close to and in continuous conversations with buyers located in Hongkong, London, USA and Germany. There is an increased focus being placed on creating brand-specific product designs to generate and accelerate business opportunities for global brands and retailers.

### 3. E-Commerce Channels

In view of the phenomenal rise witnessed in the consumption of products through online retailing within India, especially in textiles, we have recently ventured into e retail through our own retail platform [www.Sbuys.com](http://www.Sbuys.com) our vision behind this is to provide internationally trending and fashionable garments to the Indian consumer at an attractive value. In addition to our own retail platform, we have established tie-ups with leading online retail platforms such as Flipkart, Snapdeal, Jabong, myntra fashion and you, Hopscotch and Amazon. We are confident of capitalizing on this growing opportunity. We expect tie channel to evolve gradually and become

more significant in the coming years. Since our margin contribution through this channel is substantially more than our B2B business, our topline growth in our B2C business will have a positive effect on our bottom lines.

### COMPANY PERFORMANCE AND MANAGEMENT OUTLOOK

The company has achieved a gross income of Rs. 1393 Crore compared to Rs.1023 Crore in last financial year on consolidated basis, a growth of 36%.

In 2016 PAT increased by 46% YOY majorly driven by improved operating performance coupled with lower finance costs. The finance costs declined by 13% YOY in 2016.

Going forward, as the expanded capacities in Bangalore and Chennai become fully operational, the share of in house manufacturing will increase leading to improvement in overall margins.

Forward integration into online fashion apparel retailing under the brand "SBUYS". Online retailing is a high-growth space and offers strong potential to build a business model with healthy margin profile. Offer in house online retail portal "SBUYS.IN".

The Company leverages its strong knowledge & understanding of fashion apparels, as below;



# Management Discussion and Analysis

- a) Multi-location presence & multi-product expertise.
- b) In house design team
- c) Strong global apparel brand relationship
- d) Early insights into latest global apparel trends and designs across womenswear and kidswear segments.

The future of India's textile Industry looks promising. This positive outlook is driven by improving revenue prospects from rebounding economic growth in key export destinations; and by stabilizing input costs and continuing favourable policies supporting our Industry. The future of the domestic textile industry is also buoyant due to strong domestic consumption. With consumption and disposable incomes on the rise, the textile sector is experiencing a rapid growth and we hope to surf forward on this positive wave.

Our main market in the USA looks relative healthy with both employment and consumption on a steady rise. We expect our business into the USA to grow consistently over the near term. Simultaneously, we expect to continue our steady penetration into other markets allowing us to use our capacity in lean seasons and so gradually improve our ROIs. We also intend to strengthen our existing association with various apparel brands by becoming a larger, more service oriented vendor-partner to them. We are geographically well positioned to produce from the most cost effective supply bases in Asia, keeping us

highly competitive and relevant to our customers. Above all, we expect to maintain and step up our profitability from superior value added products and meticulous management of our costs and process.

## OPPORTUNITIES & THREAT

Rising cost of labour in china and marginal price difference in fabrics prices in India and china are helping India. Since costs are rising in china, the media to long term business will move to other countries which can better or match china's cost and delivery capabilities. Since buyers are looking at alternate markets for sourcing, India has greater chance, being economically and socially stable country. Besides, large garment industry in India is getting more organized for higher demands.

However, the inflationary situation in India demands for rise in wages for workers also. Cotton prices are also rising in India, which require authorities intervention like ban on cotton exports. Due to rising cost, India faces competition from low cost countries like Bangladesh and Indonesia.

In today's market scenario, where most of the top retailers of the world are consolidating their vendor bases, stand alone

vendors are going out of business and their share is being taken over by companies like PGIL. Vendors that are able to offer value addition in terms of design input, provide different sourcing options and have the operational and financial resources to meet retailers increasing requirements are being categorized as their "Preferred Vendors". This gives the vendor an edge over the competition. Due to all its investments over the last couple of years, your company through its subsidiaries has already been categorized as Preferred Vendor by various big Retailers in US and Europe.

## RISKS MANAGEMENT & CONCERNS

The Overseas buyers are reducing not only their orders but also their prices due to serious liquidity problems being faced by them. The fortunes of garment exporters would therefore continue to fluctuate in rough weather in international market.

Garment manufacturing is totally a labour intensive and even after greater automation it will remain so. The obsolete and antiquated labour legislation has hindered the growth of the extremely labour intensive garment manufacturing. The restrictive industrial and labour laws restrain management's capability to respond professionally, effectively and speedily to the fast changing dynamic international textile scenario and request for labour reforms with flexible labour laws to increase productivity.

There is an urgent need for flexible labour norms specific to garment manufacturers and exporters to enable them to meet the increasing international competition especially with regard to employment of casual labour and overtime hours of work during high season which are necessitated by the requirement of meeting tight delivery schedules required for export.

Even as the debate rages there is no doubt that there is a need to move out existing manufacturing bases to bring down the cost, but it is also true that going to new areas which do not have infrastructure to support the industry is not only difficult, but also ultimately more expensive.

The Company has established factories and operating in the region for long time. Continuous efforts for betterment of labour have been conducted to improve the conditions both at work and home for labour. The Company till now has not faced any labour issues in terms of strike etc.

The Company is undertaking various measure like lean manufacturing at ground level to increase the productivity and further reduce rejection to improve margin.

# Management Discussion and Analysis



## INTERNAL CONTROL SYSTEM

The Company's internal control system has been designed to provide for:

- i) Accurate recording of transactions with internal checks and prompt reporting through SAP
- ii) Adhere to applicable Accounting standards and policies.
- iii) Review of capital investments and long term business plans.
- iv) Periodic review meetings to manage effectively implementation of system.
- v) Compliance with applicable statutes, policies, listing requirements and operating guidelines
- vi) Effective use of resources and safeguarding of assets.
- vii) IT systems with in built controls to facilitate all of the above.

The Company has adequate systems of internal controls to ensure that transactions are properly recorded, authorized and reported apart from safeguarding its assets. Your company has successfully implemented SAP for its manufacturing units and will continue upgrading the same.

The Company has its own Corporate Internal Audit set up which carries out periodic audits at all locations and all functions and brings out deviations to internal control procedures. The observations arising out of audit are

periodically reviewed and compliance ensured. It has successfully implemented SAP for its manufacturing units and will continue upgrading the same.

## HUMAN RESOURCE MANAGEMENT

Our success depends on our ability to recruit, train and retain quality personnel. Accordingly special emphasis is placed on human resources function in our Company

The Company adopts a "People first" approach to leverage the potential of employees. Systems and methods to improve employee productivity continuing skill up-gradation and training and by emphasizing the importance of quality products and customer satisfaction.

## CAUTION STATEMENT

*Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.*

# Auditors' Certificate Regarding Compliance of Conditions of Corporate Governance

To

The Members of **Pearl Global Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Pearl Global Industries Limited for the year ended on 31<sup>st</sup> March, 2016 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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 statement of the Company.

In our opinion and best to 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 specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the 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.R. Dinodia & Co. LLP.**

*Chartered Accountants,*

Firm's Registration Number 001478N/N500005

**(Sandeep Dinodia)**

*Partner*

Membership Number 083689

Place: New Delhi

Date: 02.08.2016

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## Declaration of Compliance with Code of Conduct of Board of Directors and Senior Management

This is to certify that as per the provisions of Regulation 26 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2016.

**For Pearl Global Industries Limited**

**Pulkit Seth**

Managing Director

Place: Gurgaon

Date: 12.08.2016



# Certification by Managing Director and Chief Financial Officer of Pearl Global Industries Limited

We, Pulkit Seth, Managing Director and Raj Kumar Chawla, Chief Financial Officer of Pearl Global Industries Limited to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016 and to best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We also certify that to the best of our knowledge and belief, there are no transactions entered into by Pearl Global Industries Limited during the year, which are fraudulent, illegal or violate of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we 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 the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
  - 1) Significant changes, if any, in internal control over financial reporting during the year.
  - 2) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) 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.

**(Pulkit Seth)**  
**Managing Director**

**(Raj Kumar Chawla)**  
**Chief Financial Officer**

Place: Gurgaon

Date: 25th May, 2016

# Independent Auditors' Report

## To the Members of PEARL GLOBAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Pearl Global Industries Limited ("the Holding Company")** and its subsidiaries (collectively referred to as "the Group") comprising of the Consolidated Balance Sheet as at **March 31, 2016**, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of 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 the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. The Board of Directors of the Company is responsible for 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, which 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 thereunder.

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 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 true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### OPINION

In our opinion and to the best of our information and according to the explanations given to us, 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 of the Group, its subsidiaries as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

#### OTHER MATTERS

We did not audit the total assets of ₹ 4,158,522,667 as at March 31, 2016, total revenues and profit before tax of ₹ 10,249,683,772 and ₹ 297,272,464 respectively for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries not audited by us, whose financial statements and other financial information have been

# Independent Auditors' Report

## To the Members of PEARL GLOBAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

#### REPORT ON OTHER LEGAL & REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, 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.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditor of the subsidiaries, none of the directors of the Group Companies is disqualified as on March 31, 2016 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**; and
  - (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:
    - i. On the basis of written representations received from the management of the Company, the Company does not have any pending litigations which would impact its consolidated financial position; *except for the cases which are disclosed under Note No.27 "Contingent Liabilities & Commitments" in the consolidated financial statements.*
    - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts including derivative contracts- *Refer Note No. 33 to the consolidated financial statements.*
    - 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 subsidiaries incorporated in India.

#### For S.R. Dinodia & Co. LLP.

Chartered Accountants,  
Firm Registration Number 001478N/N500005

#### (Pradeep Dinodia)

Partner

Membership No. 080617

Place of Signature: Gurgaon

Date: 25th May, 2016

# Independent Auditors' Report

## To the Members of PEARL GLOBAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

#### **Annexure- A to the Independent Auditors' Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **Pearl Global Industries Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries 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 and its subsidiaries, which is company incorporated in India, 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 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 Companies Act, 2013.

#### **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") issued by 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 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 authorizations 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

# Independent Auditors' Report

## To the Members of PEARL GLOBAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

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 and its subsidiaries, which is company 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 March 31, 2016, 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.R. Dinodia & Co. LLP.**

*Chartered Accountants,*

Firm Registration Number 001478N/N500005

#### **(Pradeep Dinodia)**

*Partner*

Membership No. 080617

Place of Signature: Gurgaon

Date: 25th May 2016

# Consolidated Balance Sheet

## as at March 31, 2016

(Amount in ₹)

Particulars	Note No.	As At March 31, 2016	As At March 31, 2015
<b>I. Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	3	216,639,370	216,639,370
Reserves and Surplus	4	3,229,120,866	2,957,638,002
		<u>3,445,760,236</u>	<u>3,174,277,372</u>
<b>Minority Interest</b>		94,442,585	98,445,910
<b>Non-Current liabilities</b>			
Long-Term Borrowings	5	193,201,327	138,941,189
Other Long Term Liabilities	6	405,621,574	413,251,060
Long-Term Provisions	7	63,119,749	46,784,537
		<u>661,942,650</u>	<u>598,976,785</u>
<b>Current liabilities</b>			
Short-Term Borrowings	8	1,743,300,187	1,459,851,005
Trade Payables	6		
- Due to Micro and Small Enterprises		10,193,492	5,211,726
- Due to Others		1,812,036,988	1,653,001,319
Other Current Liabilities	6	464,364,448	292,067,404
Short-term provisions	7	14,221,172	60,627,240
		<u>4,044,116,287</u>	<u>3,470,758,694</u>
<b>Total</b>		<b><u>8,246,261,758</u></b>	<b><u>7,342,458,761</u></b>
<b>II. Assets</b>			
<b>Non-Current assets</b>			
Fixed Assets			
Tangible Assets	9	2,031,830,728	2,037,045,708
Intangible Assets	9	64,083,024	92,411,818
Capital Work-In-Progress	9	110,361,236	29,983,048
Non-Current Investments	10	619,664	504,000
Deferred Tax Assets	11	38,783,384	27,279,150
Long-Term Loans And Advances	12	342,953,645	431,785,647
Trade Receivables	15	7,702,567	15,525,416
Other Non-Current Assets	15	25,786,306	36,225,562
		<u>2,622,120,552</u>	<u>2,670,760,350</u>
<b>Current Assets</b>			
Current Investment	13	192,233,116	111,761,581
Inventories	14	1,737,939,580	1,747,692,768
Trade Receivables	15	1,806,667,595	1,193,241,343
Cash And Bank Balances	16	1,307,528,443	944,021,575
Short-Term Loans And Advances	12	394,286,635	389,150,292
Other Current Assets	15	185,485,839	285,830,852
		<u>5,624,141,206</u>	<u>4,671,698,411</u>
<b>Total</b>		<b><u>8,246,261,758</u></b>	<b><u>7,342,458,761</u></b>
Significant Accounting policies	2		

The Notes referred to above, form an integral part of the Financial Statements

As per our Report of even date attached

For **S R Dinodia & Co. LLP.**

Chartered Accountants

Firm's Registration Number: 001478N/N500005

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pradeep Dinodia**

Partner

Membership No. 080617

**Pulkit Seth**

Managing Director

DIN 00003044

**Vinod Vaish**

Whole time Director

DIN 01945795

Place of Signature : Gurgaon

Dated: 25th May, 2016

**Raj Kumar Chawla**

Chief Financial Officer

**Sandeep Sabharwal**

Company Secretary

# Consolidated Statement of Profit & Loss

## for the year ended March 31, 2016

		(Amount in ₹)	
Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>I</b>	Revenue from Operations	13,934,162,005	10,237,371,446
<b>II</b>	Other Income	251,825,351	240,520,518
	<b>Total Revenue (I + II)</b>	<b>14,185,987,356</b>	<b>10,477,891,964</b>
<b>III</b>	<b>Expenses:</b>		
	Cost of Materials Consumed	6,031,000,703	4,949,531,635
	Purchases of Stock-In-Trade	1,834,010,388	381,138,831
	Changes in Inventories of Finished Goods, Work In Progress and Stock In Trade	66,185,063	33,246,195
	Employee Benefits Expense	2,063,170,983	1,661,335,387
	Finance Costs	205,499,691	234,930,331
	Depreciation and Amortization Expense	168,642,184	158,487,425
	Other Expenses	3,333,905,313	2,715,665,994
	<b>Total Expenses</b>	<b>13,702,414,324</b>	<b>10,134,335,799</b>
<b>IV</b>	<b>Profit Before Exceptional, Extraordinary Items and Tax</b>	<b>483,573,032</b>	<b>343,556,165</b>
<b>V</b>	Exceptional Items	(10,914,169)	(1,432,506)
<b>VI</b>	<b>Profit Before Tax and Extraordinary Items (IV - V)</b>	<b>472,658,863</b>	<b>342,123,659</b>
<b>VII</b>	Extraordinary Items	-	-
<b>VIII</b>	<b>Profit Before Tax (VI - VII)</b>	<b>472,658,863</b>	<b>342,123,659</b>
<b>IX</b>	<b>Tax expense:</b>		
	Current Tax	121,318,807	72,800,494
	Deferred Tax	(11,792,955)	25,994,822
	Tax Adjustment For Earlier Years	(2,251,510)	206,546
<b>X</b>	<b>Profit/(Loss) Before Minority Share (VIII - IX)</b>	<b>365,384,521</b>	<b>243,121,797</b>
	Share of (Profit)/Loss attributable to Minoritiy Interest	1,254,865	7,570,411
<b>XI</b>	<b>Profit/(Loss) of the year</b>	<b>366,639,386</b>	<b>250,692,208</b>
<b>XII</b>	<b>Earnings per Equity Share:</b>		
	[(Face value of ₹10 each (March 31, 2015: ₹10 each)]		
	- Basic	16.92	11.57
	- Diluted	16.92	11.57
	Significant Accounting Policies	2	

The Notes referred to above, form an integral part of the Financial Statements  
As per our Report of even date attached

For **S R Dinodia & Co. LLP.**  
Chartered Accountants  
Firm's Registration Number: 001478N/N500005

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pradeep Dinodia**  
Partner  
Membership No. 080617

**Pulkit Seth**  
Managing Director  
DIN 00003044

**Vinod Vaish**  
Whole time Director  
DIN 01945795

Place of Signature : Gurgaon  
Dated: 25th May, 2016

**Raj Kumar Chawla**  
Chief Financial Officer

**Sandeep Sabharwal**  
Company Secretary

# Consolidated Cash Flow Statement

## for the year ended March 31, 2016

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	472,658,863	342,123,659
<b>Adjustments For :</b>		
Depreciation & Amortization	168,642,184	158,487,425
(Profit)/Loss on sale of Assets	10,914,169	1,432,506
(Profit)/Loss on sale of Investment	(25,943,725)	6,667,009
Rent Received	(98,378,335)	(78,947,579)
Interest Paid (Net)	115,870,578	142,947,225
Foreign Currency Translation Reserve	(23,715,582)	28,929,492
Prior Period Expenses	(1,960,046)	-
Interest Received	(31,503,188)	(32,475,956)
<b>Operating Profit before Working Capital Changes</b>	<b>588,544,964</b>	<b>569,163,782</b>
<b>Adjustment for Increase/Decrease in Operating Assets &amp; Liabilities:</b>		
Trade and Other Receivables	(480,262,862)	(555,935,736)
Inventories	9,753,188	(11,974,251)
Trade Payables and Other Liabilities	338,544,543	385,293,312
<b>Cash Generated from Operations</b>	<b>456,579,834</b>	<b>386,547,106</b>
Direct Taxes Paid	(60,078,102)	(64,193,488)
<b>Net Cash from Operating Activities (A)</b>	<b>396,501,732</b>	<b>322,353,618</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including CWIP)	(241,790,245)	(314,119,168)
Sale of Investment during the year	68,463,418	88,578,824
Investment made during the year	(126,598,011)	(31,344,618)
Investment in bank deposits (having original maturity of more than one year)	10,438,912	(5,783,277)
Investment in bank deposits (having original maturity of less than one year)	(97,468,866)	(403,153,895)
Proceeds from Sale of Fixed Assets	35,374,694	8,857,648
Interest Received	31,503,188	32,475,956
Rent Received	98,378,335	78,947,579
<b>Net Cash unused in Investing Activities (B)</b>	<b>(221,698,575)</b>	<b>(545,540,950)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(115,870,578)	(142,947,225)
Repayment (to)/ from Minority interest	(8,239,124)	63,257,140
Dividend Paid	(122,364,773)	(43,253,954)
Proceeds from Long Term Borrowings (Net)	337,709,321	144,069,772
<b>Net Cash from Financing Activities (C)</b>	<b>91,234,846</b>	<b>21,125,733</b>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)</b>	<b>266,038,002</b>	<b>(202,061,599)</b>
<b>Cash And Cash Equivalents At The Beginning Of The Year</b>	<b>305,876,793</b>	<b>507,938,392</b>
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>571,914,795</b>	<b>305,876,793</b>
Cash & Cash Equivalents include:		
- Cash on Hand	61,675,492	18,702,112
- Cheque on Hand	45,772,527	19,857,734
- Deposits with original maturity of less than 3 months	-	60,000,000
Balance with Scheduled Banks:		
- In Current Account	462,514,815	206,675,680
- Unpaid Dividend	1,951,961	641,267
	<b>571,914,795</b>	<b>305,876,793</b>

### Summary of Significant Accounting Policies

The accompanying notes are an integral part of the financial statements  
As per our Report of even date attached

For **S R Dinodia & Co. LLP.**  
Chartered Accountants  
Firm's Registration Number: 001478N/N500005

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pradeep Dinodia**  
Partner  
Membership No. 080617

**Pulkit Seth**  
Managing Director  
DIN 00003044

**Vinod Vaish**  
Whole time Director  
DIN 01945795

Place of Signature : Gurgaon  
Dated: 25th May, 2016

**Raj Kumar Chawla**  
Chief Financial Officer

**Sandeep Sabharwal**  
Company Secretary



# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### NOTE 1 : CORPORATE INFORMATION

Pearl Global Industries Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company along with its subsidiaries (collectively referred to as “the Group”), is primarily engaged in manufacturing, sourcing, distribution and export of ready to wear apparels through its domestic and global facilities and operations. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange in India.

### NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNT

#### 2.1 Basis of Preparation

- i) The consolidated financial statements of the Group have been prepared in compliance with Accounting Standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention and on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) except investment available for sale and held for trading is measured at fair value and in case of the Pearl Global Industries Limited, where land and building are accounted for at revalued cost. The Company has complied in all material respects with Accounting Standard notified under section 133 of the Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. However the financial statements of foreign subsidiaries have been prepared in compliance with the local laws and applicable accounting standards. Necessary adjustments for material variances in the accounting policies, wherever applicable, have been made in the consolidated financial statements.
- ii) The financial statements of all reporting entities under consolidation are drawn up to the financial year ended March 31, 2016.
- iii) The accounting policies adopted for preparation of consolidated financial statements are consistent with those of previous year.

#### 2.2 Uses of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets & liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount(s) of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis.

#### 2.3 Summary of Significant Accounting Policies

##### a. Basis of Consolidation:-

The Consolidated Financial Statements have been prepared on the following basis:-

- i) The financial statements of the company and its subsidiary companies have been prepared in accordance with the Accounting Standard-21 (AS-21) “Consolidated Financial Statement”, on a line-by-line basis by adding together the book values of like items of assets, liabilities, income, and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- ii) To the extent possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's individual financial statements. Inconsistency, if any, between the accounting policies of the subsidiary, have been disclosed in the notes to accounts.

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

- iii) The difference of the cost to the company of its investment in subsidiaries over its share in the equity of the investee company as at the date of acquisition of stake is recognized in financial statements as Goodwill or Capital Reserve, as the case may be.
- iv) Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.  
 "Minority interest in the net assets of consolidated subsidiaries consists of:
  - The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
  - The minority share of movements in equity since the date parent subsidiary relationship came into existence."
- v) The Consolidated Financial Statements are presented, to the extent possible, in the same format as adopted by the parent company for its individual financial statements.

### **b. The effect of Changes in Foreign Exchange Rates**

#### **i) Translation of Financial Statements of Foreign Operations**

- In view of Accounting Standard-"11" 'Changes in Foreign Exchange Rates', the operations of all the foreign subsidiaries are identified as non integral operations of the company in the current year and translated into Indian Rupee.
- The Assets and Liabilities of Foreign operations, including Goodwill/Capital Reserve arising on consolidation, are translated in Indian Rupee (INR) at foreign exchange rate at closing rate ruling as at the balance sheet date and the revenue and expenses of foreign operations are translated in Indian Rupee (INR) at yearly average currency exchange rate, of the respective years.
- Foreign exchange differences arising on translation of "Non-integral Foreign Operations" are recognized as, 'foreign exchange translation reserve' in balance sheet under the head 'Reserve & Surplus and those of "Integral Foreign Operations" are recognized in to Statement of Profit & Loss.

#### **ii) Foreign Currency Transactions**

- Except in case of the parent company, the Sales made in foreign currencies are translated on exchange rate prevailing on the date of transaction. In case of the parent company, the sales made in foreign currency are translated at an average monthly exchange rate which approximates the transaction date rate.
- Gain/Loss arising out of fluctuation in the exchange rate on settlement of the transaction is recognized in the Statement of Profit and Loss.
- Other transactions in foreign currency are recognized on initial recognition at the exchange rate prevailing at the time of transaction.
- Foreign Currency monetary items are reported using the closing rate as on balance sheet date. The resultant exchange gain/loss is dealt with in the Statement of Profit & Loss.

### **c Inventories**

Inventories are valued, after providing for obsolescence, as follows:

- i) Inventories of traded goods are valued at lower of procurement cost (FIFO Method) or estimated net realizable value. Cost includes expenses incurred in acquiring the inventories and bringing them to their existing location and condition.
- ii) Inventory of manufactured goods, WIP and raw material are valued at lower of cost (on weighted average basis) or net realizable value.

### **d. Revenue Recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria:

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

- i) Revenue is recognized when significant risk and rewards of ownership are transferred to the buyer.
- ii) Export Sales is recognized on the basis of date of Airway Bill/Bill of Lading/Forwarder Cargo Receipt.
- iii) Sales are shown net of sales return/rejection & trade discounts and include freight & insurance recovered from buyers as per terms of sales.
- iv) Income from job work is recognized on the basis of proportionate completion method. However, where job work income is subject to minimum assured profit, it is recognised based on that specific contract.
- v) Interest income is recognized on an accrual on time proportion basis.
- vi) Investment income is recognized as and when the right to receive the same is established.
- vii) Commission Income is recognized when the services are rendered.
- viii) Dividend Income is recognized when the right to receive is established.
- ix) In case of High Sea Sales, revenue is recognized on transfer of title of goods to the customer.
- x) Sale of software is recognized at the delivery of complete module & patches through transfer of code.

### e. Tangible Assets

- Tangible Assets are stated at cost less accumulated depreciation except in case of Pearl Global Industries Limited; where land and building are measured at revalued cost. The cost comprises the purchase price/construction cost and any attributable cost including borrowing cost of bringing the asset to its working condition for its intended use.
- Gains or losses arising from sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the Statement of Profit & Loss in the year in which the asset is sold.
- Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.
- Tangible Assets not ready for the intended use on the date of Balance Sheet are disclosed as “Capital Work-In-Progress”. Advances given towards acquisition/construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under “Long-term loans & advances”.

### f. Intangible Assets

Intangible assets are stated at cost of acquisition or construction less accumulated amortisation and impairment losses, if any. Intangible assets are amortised over their estimated useful economic life. Computer Software cost is amortised over a period of three years using straight-line method. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### g. Depreciation & Amortization

- Depreciation on fixed asset is provided on Straight Line Method over the useful life in accordance with and in the manner specified in the statute governing the respective companies.
- Leasehold assets are amortised over the period of lease agreed upon in the lease agreement entered.
- Software and Trademark is amortized over the period of 5 years which in the opinion of the management is the estimated economic life.

### h. Investments: The investments are classified as under:

**Held for Trading :** Trading securities are those (both debt & equity) that are bought and held principally for the purpose of selling them in near term, such securities are valued at fair value and gain/loss is recognized in the Statement of Profit & Loss.

**Held to Maturity :** Investment in debt & capital guard products are classified as held to maturity only if the company has the positive intent and ability to hold these securities to maturity. Such securities are held at historical cost.

**Available-for-sale financial assets:** Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity & debt instruments that are designated as available for sale or are not classified in any of the

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

other investment categories. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with gains or loss recognized as a separate component of equity as “Investment Revaluation Reserve” until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Profit & Loss. When the fair value of unlisted equity securities cannot be reliably measured because of significant variability in the range of fair value estimates or where the probabilities of the various estimates within the range cannot be reasonably assessed, such securities are stated at cost less impairment, if any.

**Fair value:** The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date.

### i. Derivative financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at cost on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the Statement of Profit & Loss.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

**Fair value hedges:** A hedge of the exposure to changes in the fair value of recognized asset or liability or an unrecognized firm commitment (except for foreign risk); or identified portion of such asset, liability or firm commitment (except for foreign risk), or an identified portion of such asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss.

**Cash flow hedges:** A hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognized directly in the equity, while the ineffective portion is recognized in the Statement of Profit & Loss.

### j. Retirement and other employee benefits

Expense and Liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee Benefits (Revised 2005) :

#### i) Short term Employee benefit

Short-term employee benefits including short term compensated absences are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which related service is rendered. Terminal benefits are recognized as an expense immediately.

#### ii) Defined Contribution Plan

Contributions payable to recognised provident fund and employee state insurance scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they incurred.

#### iii) Defined Benefit Plan

The obligation in respect of defined benefit plans, which cover Gratuity, are provided for on the basis of an actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

#### iv) Other Long Term Benefits

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### k. Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of an asset which takes a substantial period of time to get ready for its intended use, are capitalised as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with borrowing of funds.

### l. Leases

- **Where the Company is the lessee:** Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

- **Where the Company is the lessor:** Assets subjects to operating lease are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### m. Taxes On Income

#### i) Domestic Companies :

Tax expense comprises current tax and deferred tax.

##### Current Tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

##### Deferred Tax

Deferred tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

##### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit entitlement". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

#### ii) Foreign Companies:

Foreign companies recognize tax liabilities and assets in accordance with applicable local laws.

### n. Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount is determined. Where the carrying amount of an asset or CGU

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### **o. Provision, Contingent Liabilities and Contingent Assets**

“(i) A provision is recognized when the Company has a present obligation as a result of past events, if it is probable are not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(ii) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statement.

(iii) Contingent liabilities are not recognized but are disclosed in the Notes to Account. Contingent assets are neither recognized nor disclosed in the financial statements.

### **p. Earning per Share (EPS)**

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

- i) Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii) For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

### **q. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard -3 (AS-3) “Cash Flow Statement”.

### **r. Segment Reporting**

#### **- Identification of Segments**

The Company's operating business is organized and managed according to the nature of products/ activities with each segment representing a strategic business unit that serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### - Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

### - Inter Segment transfers

Inter Segment revenue has been accounted for based on the transaction price agreed to between segments which is based on current market prices.

### - Unallocated items

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

### - Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

	(Amount in ₹)	
	<b>As At</b>	<b>As At</b>
	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>NOTE 3 : SHARE CAPITAL</b>		
<b>Authorised:</b>		
51,440,000 (March 31, 2015: 51,440,000) Equity Shares of ₹10/- each	514,400,000	514,400,000
10,000 (March 31, 2015: 10,000) 4 % - Non Cumulative Redeemable Preference Shares of ₹ 10/- each	100,000	100,000
3,256,000 (March 31, 2015: 3,256,000) 10.5 % - Non Cumulative Redeemable Preference Shares of ₹ 100/- each	325,600,000	325,600,000
	<b><u>840,100,000</u></b>	<b><u>840,100,000</u></b>
<b>Issued, Subscribed &amp; Paid-up:</b>		
21,663,937 (March 31 2015: 21,663,937) Equity Shares of ₹ 10/- each fully paid up	216,639,370	216,639,370
	<b><u>216,639,370</u></b>	<b><u>216,639,370</u></b>
<b>a) Share Capital Reconciliation</b>	<b>March 31, 2016</b>	
	<b>No. of Shares</b>	<b>(Amount in ₹)</b>
Balance of Shares at the beginning of the year	21,663,937	216,639,370
Add:- Addition during the year	-	-
Less:- Buy back during the year	-	-
Balance of Shares at the end of the year	<b><u>21,663,937</u></b>	<b><u>216,639,370</u></b>
	<b>March 31, 2015</b>	
	<b>No. of Shares</b>	<b>(Amount in ₹)</b>
Balance of Shares at the beginning of the year	21,663,937	216,639,370
Add:- Addition during the year	-	-
Less:- Buy back during the year	-	-
Balance of Shares at the end of the year	<b><u>21,663,937</u></b>	<b><u>216,639,370</u></b>

### b) Terms/right attached to Equity Shares

The company has only one class of equity shares having per value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. For the year ended March 31, 2016, the amount of ₹ 0.50 per share has been proposed as dividend for distribution to equity shareholders (March 31, 2015: ₹ 2.25 per share). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

the number of equity shares held by the shareholders. In addition to the proposed dividend, the company has also paid interim dividend during the year for ₹ 2.50 per equity share (March 31, 2015: Nil).

### c) Details of shareholders holding more than 5 percent shares in the Company

Equity Shares of ₹ 10 each fully paid up	March 31, 2016		March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Payel Seth	4,413,635	20.37	9,849,872	45.47
Mr. Deepak Seth	1,544,499	7.13	1,544,499	7.13
Mr. Pulkit Seth	6,947,621	32.07	1,511,384	6.98
Mr. Pallak Seth	1,317,646	6.08	1,317,646	6.08

### d) For a period of 5 years immediately preceding the date of Balance sheet aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

	March 31, 2016 No. of Shares	March 31, 2015 No. of Shares
Equity Share Capital	2,163,594	2,163,594
(Being shares issued to shareholders of Pearl Global Limited; subsidiary merged with the Company in terms of Scheme of Amalgamation during financial year 2011-12)	<b>2,163,594</b>	<b>2,163,594</b>

	(Amount in ₹)	
NOTE 4 : RESERVES AND SURPLUS	As At March 31, 2016	As At March 31, 2015
<b>Share Premium</b>		
Balance at the beginning of year	1,710,389,823	1,710,389,823
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of year	<b>(A) 1,710,389,823</b>	<b>1,710,389,823</b>
<b>Capital Reserve on Reconstruction</b>		
Balance at the beginning of year	62,594,738	62,594,738
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of year	<b>(B) 62,594,738</b>	<b>62,594,738</b>
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of year	172,559,854	130,591,631
Add:- Addition during the year	7,584,347	41,968,224
Less:- Utilised during the year	11,324,719	-
Balance at the end of year	<b>(C) 168,819,483</b>	<b>172,559,855</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning of year	9,500,000	9,500,000
Add:- Addition during the year	-	-



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

		As At March 31, 2016	(Amount in ₹) As At March 31, 2015
<b>NOTE 4 : RESERVES AND SURPLUS</b>			
Less:- Utilised during the year		-	-
Balance at the end of year	(D)	<u>9,500,000</u>	<u>9,500,000</u>
<b>Hedging Reserve (Refer Note 33)</b>			
Balance at the beginning of year		25,717,846	25,621,584
Add:- Addition during the year			96,262
Less:- Utilised during the year		4,211,523	-
Balance at the end of year	(E)	<u>21,506,323</u>	<u>25,717,846</u>
<b>Investment Revaluation Reserve</b>			
Balance at the beginning of year		24,124,235	4,281,754
Add:- Addition during the year		14,011,556	19,842,481
Less:- Utilised during the year		17,502,675	-
Balance at the end of year	(F)	<u>20,633,116</u>	<u>24,124,235</u>
<b>Revaluation Reserve</b>			
Balance at the beginning of year		39,296,855	39,296,855
Add:- Addition during the year		-	-
Less:- Utilised during the year		-	-
Balance at the end of year	(G)	<u>39,296,855</u>	<u>39,296,855</u>
<b>General Reserve</b>			
Balance at the beginning of year		420,436,050	420,436,050
Add:- Addition during the year		-	-
Less:- Utilised during the year		-	-
Balance at the end of year	(H)	<u>420,436,050</u>	<u>420,436,050</u>
<b>Surplus / (Deficit) in the Statement of Profit &amp; Loss</b>			
Balance at the beginning of year		493,018,600	343,638,420
Add:- Transfer from minority on change in Shareholding		(5,490,664)	3,736,796
Add:- Profit/(Loss) for the year		366,639,386	250,692,208
Less:- Utilized during the year:			
- Final Dividend for the year [Per share ₹ 0.50 (March 31, 2015: ₹ 2.25)]		(10,831,969)	(48,743,858)
- Interim Dividend paid during the year [Per share ₹ 2.50 (March 31, 2015: Nil)]		(54,159,843)	-
- Dividend Distribution Tax on Interim & Proposed Dividend		(13,231,033)	(9,745,904)
- Unplanned Depreciation Adjustment as per Schedule II of Companies Act 2013		-	(16,019,344)
- Disposal of Partial Interest of Subsidiary		-	(30,539,716)
Balance at the end of year	(I)	<u>775,944,478</u>	<u>493,018,600</u>
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G+H+I)</b>		<u><u>3,229,120,866</u></u>	<u><u>2,957,638,002</u></u>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)			
<b>NOTE 5 : LONG-TERM BORROWINGS</b>	<b>Non-Current</b>		<b>Current Maturities</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Term Loans (Secured)</b>				
From Banks				
- Corporate Loan	118,816,634	85,237,197	55,362,341	35,984,547
- Vehicle Loans	14,426,719	3,684,282	5,850,722	2,917,692
- Loan in Functional Currency	47,641,432	32,441,119	20,436,110	23,931,348
From Financial Institutions				
- Vehicle Loans	12,316,542	17,578,591	5,068,061	4,830,001
	193,201,327	138,941,189	86,717,234	67,663,589
Less: Amount disclosed under "Other Current Liabilities"	-	-	(86,717,234)	(67,663,589)
<b>(Refer Note 6)</b>	<b>193,201,327</b>	<b>138,941,189</b>	<b>-</b>	<b>-</b>

a) **The nature of Security for Secured Loans are as under:**

**- In case of Pearl Global Industries Limited (Holding Company)**

- (i) Corporate Term Loan (Kotak Bank) is secured by charge on immovable property situated at Plot No. 446, Phase-V, Udyog Vihar Industrial Estate, Haryana along with present and future structures including all present and future development rights. The loan is also secured by personal guarantee of the Promoter Director.
- (ii) Corporate Term Loan (Andhra Bank) is secured by first and exclusive charge on the entire fixed assets including machineries, land & building at Chennai and Bangalore Plant of the Company. In addition, Equitable Mortgage of Land & Building located at Survey No- 262A in Aryapakkam Village at Kancheepuram measuring 4.8053 acre in Company's name.
- (iii) Vehicle loans are secured against hypothecation of respective vehicles.

	(Amount in ₹)			
(iv) <b>Maturity profile of Secured Term Loans are as set out below :</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Beyond FY 2018-19</b>
Term loan from banks are repayable in monthly/quarterly/yearly installments	55,362,341	64,193,553	30,311,209	24,311,872
Vehicle loans from banks are repayable in monthly installments	10,724,795	9,496,160	10,043,877	7,397,212

**- In case of Norp Knit Industries Limited (Foreign Subsidiary)**

BDT Term Loans from HSBC are secured by first charge over Company's Plant & Machinery, Stocks of Raw Material, WIP, Finished Goods, book debts & receivables, charge over deposits & Standby Letter of Credit from Holding Company bearing repayable in 18 quarterly varying installments.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

		(Amount in ₹)			
<b>NOTE 6 : OTHER LIABILITIES</b>		<b>Non-Current</b>		<b>Current</b>	
		<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Trade Payables</b>					
Amount due to Micro & Small Enterprises ( <b>Refer Note 'a'</b> )					
- Principal Amount		-	-	10,193,492	5,211,726
- Interest Payable on Outstanding Amount		-	-	-	-
Amount Due to Others		-	-	1,812,036,988	1,653,001,319
	<b>(A)</b>	<u>-</u>	<u>-</u>	<u><b>1,822,230,480</b></u>	<u><b>1,658,213,045</b></u>
<b>Other Current Liabilities</b>					
- Statutory Liabilities		-	-	61,921,821	34,457,734
- Security Deposits		141,451,652	141,446,652	-	-
- Gratuity Payable		24,169,922	18,906,706	1,592,901	969,943
- Current Maturities of Long-term Borrowings ( <b>Refer Note 5</b> )		-	-	86,717,234	67,663,589
- Unpaid Dividend		-	-	1,951,961	641,267
- Book Overdraft		-	-	38,342,885	91,486,857
- Other Payables ( <b>Refer Note 'b' below</b> )		240,000,000	252,897,702	273,837,646	96,848,013
	<b>(B)</b>	<u><b>405,621,574</b></u>	<u><b>413,251,060</b></u>	<u><b>464,364,448</b></u>	<u><b>292,067,404</b></u>
<b>Total (A+B) (Refer note 'c' below)</b>		<u><b>405,621,574</b></u>	<u><b>413,251,060</b></u>	<u><b>2,286,594,928</b></u>	<u><b>1,950,280,448</b></u>

(Amount in ₹)

## a) Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

		<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
- Principal amount due		10,193,492	5,211,726
- Interest accrued and due on above		-	-
		<u><b>10,193,492</b></u>	<u><b>5,211,726</b></u>
i)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year	Nil	Nil
ii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	Nil	Nil
iii)	The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
iv)	The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

b) It includes advance from customers and other current liabilities.

c) It does not include any amount due to be transferred to Investor Education and Protection Fund.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

(Amount in ₹)				
NOTE 7 : PROVISIONS	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Provisions for Employee Benefits</b>				
Gratuity (Refer Note 22)	28,629,549	14,683,932	120,245	95,944
Leave Encashment (Refer Note 22)	15,414,451	17,854,454	1,007,362	710,287
Other Employee Benefit (Refer Note 22)	13,959,679	11,865,249	-	-
<b>Other Provisions</b>				
Provision for Equalised Rent	5,116,070	2,380,902	56,424	1,331,246
Proposed Dividend	-	-	10,831,969	48,743,858
Provision for Tax on Proposed Dividend	-	-	2,205,172	9,745,904
<b>Total</b>	<b>63,119,749</b>	<b>46,784,537</b>	<b>14,221,172</b>	<b>60,627,240</b>

(Amount in ₹)				
NOTE 8 : SHORT TERM BORROWINGS			As At	As At
			March 31, 2016	March 31, 2015
<b>Loan From Banks (Secured)</b>				
Working Capital Loans				
- Loan in functional currency			1,742,485,664	954,959,094
- Foreign Currency Loan			814,524	504,143,035
			<b>1,743,300,187</b>	<b>1,459,102,129</b>
<b>Loan from Related Parties (Unsecured)</b>				
- From Directors			-	748,876
			-	748,876
<b>Total Short Term Borrowings</b>			<b>1,743,300,187</b>	<b>1,459,851,005</b>

**i) Pearl Global Industries Limited (Holding Company)**

**a) In case of secured loans, the nature of security are:**

- First pari-passu charge on movable fixed assets and whole of current assets including stocks of raw material, semi finished goods, finished goods, book debts, consumable stores and spares.
- Mortgage of the properties situated at Plot No. H -597-603, RICCO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan and Plot No 16-17, Phase VI, Udyog Vihar, Gurgaon (Haryana).
- Fixed Deposit of ₹ 79.47 Lacs (March 31, 2015: ₹ 61.79 Lacs)
- Personal Guarantee by the promoter director of the Company

**ii) Norp Knit Industries Limited:** Bank Loans are secured by first charge over company's plant and machinery, stock of raw material, work in process, finished goods, book debts and receivables, charge over deposits and standby letter of credit from the Holding Company.

**iii) Pearl Global (HK) Limited:** The bank loan facilities are secured by the Group's machineries and equipment, inventories, trade receivables together with director's personal guarantee.

**b) In case of unsecured loans, the details are as under:**

**Loan from director** is repayable on demand and taken during the ordinary course of business. The loan carries rate of interest ranging between 7 % to 10% per annum. However, the loan has been squared off during the year.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

(Amount in ₹)

## NOTE 9 : FIXED ASSETS

Description of Assets	Gross Block					Depreciation/ Amortization					Net Block	
	As At April 1, 2015	Additions during the year	Deductions during the year	Foreign Exchange Fluctuation on account of translation	As At March 31, 2016	As At April 1, 2015	Additions during the year	Prior Period Adjustments	Deductions/ Adjustments	Foreign Exchange Fluctuation on account of translation	As At March 31, 2016	As At March 31, 2015
<b>A. Tangible Assets</b>												
Land Freehold	476,954,883	-	-	68,4166	477,639,049	-	-	-	-	-	477,639,049	476,954,883
Land Leasehold	24,380,273	-	-	199,982	24,580,255	5,620,759	1,755,963	-	-	87,831	17,115,701	18,759,514
Building	937,874,432	2,204,193	-	3,139,007	943,217,633	188,967,181	23,926,502	-	-	2,346,698	727,977,251	748,907,251
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	1,396,175,513	112,862,269	27,690,440	35,372,001	1,516,519,343	745,505,973	107,635,046	-	14,227,194	20,218,880	657,386,638	650,669,540
Vehicles	112,572,904	34,446,847	17,810,108	1,531,379	130,741,022	37,278,034	15,651,742	-	12,210,846	811,904	89,210,187	75,294,870
Furniture & Fixtures	155,652,337	10,726,950	97,006	2,397,098	168,667,379	89,192,885	15,478,340	-	22,715	1,529,167	62,501,902	66,459,652
<b>Sub Total</b>	<b>3,103,610,342</b>	<b>160,040,259</b>	<b>45,597,554</b>	<b>43,323,632</b>	<b>3,261,376,680</b>	<b>1,066,564,632</b>	<b>164,447,594</b>	<b>-</b>	<b>26,460,755</b>	<b>24,994,480</b>	<b>2,031,830,728</b>	<b>2,037,045,710</b>
<b>B. Intangible Assets</b>												
Goodwill	83,220,052	-	27,152,061	-	56,067,991	-	-	-	-	-	56,067,991	83,220,052
Software	104,148,708	3,017,990	-	-	107,166,698	94,956,942	4,194,723	-	-	-	8,015,033	9,191,766
Trade Mark	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>187,368,760</b>	<b>3,017,990</b>	<b>27,152,061</b>	<b>-</b>	<b>163,234,689</b>	<b>94,956,942</b>	<b>4,194,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,083,024</b>	<b>92,411,818</b>
<b>C. Capital Work-in-progress</b>												
Work-in-progress	29,983,048	80,817,799	2,085,803	1,646,191	110,361,235	-	-	-	-	-	110,361,235	29,983,048
<b>Sub Total</b>	<b>29,983,048</b>	<b>80,817,799</b>	<b>2,085,803</b>	<b>1,646,191</b>	<b>110,361,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,361,235</b>	<b>29,983,048</b>
<b>Grand Total (A+B+C)</b>	<b>3,320,962,150</b>	<b>243,876,048</b>	<b>74,835,418</b>	<b>44,969,824</b>	<b>3,534,972,604</b>	<b>1,161,521,574</b>	<b>168,642,317</b>	<b>-</b>	<b>26,460,755</b>	<b>24,994,480</b>	<b>2,206,274,987</b>	<b>2,159,440,576</b>
Previous Year	5,701,125,921	505,047,846	2,914,771,464	29,559,846	3,320,962,150	1,825,725,360	158,487,425	24,181,246	863,484,497	16,612,040	2,159,440,576	3,875,400,560

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

a) The breakup of Capital Work in Progress is as under:

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
i) CWIP- Pre-operative Expenses	477,267	285,815
ii) CWIP- Building	85,320,191	29,306,999
iii) CWIP- Plant & Machinery	21,163,127	390,234
iv) CWIP- Others	3,400,650	-

b) In the earlier years, the Company had initiated the process of converting its leasehold land (situated at Plot A-3, Naraina, New Delhi) into freehold land. However, the deed is yet to be transferred in the name of the Company as at March 31, 2016.

c) The Opening balance of land includes ₹ 45,229,131 on account of revaluation done on 31.03.2002.

d) The Opening balance of building includes ₹ 5,932,276 on account of reduction in revaluation done on 31.03.2002.

e) The Cost of CWIP-Building Include ₹ 993,055 (March 31, 2015 : Nil) being borrowing cost capitalised in accordance with Accounting Standard 16 (AS-16) on "Borrowing Cost".

f) The above assets includes gross block of land of ₹ 15,954,319 (March 31, 2015: ₹ 15,954,319) & gross block of building of ₹ 23,434,599 (March 31, 2015: ₹ 23,434,599) situated at Narshingpur, Tehsil District Gurgaon (Haryana) for which the Company has executed a construction project agreement with DLF Retail Developers Limited on November 30th 2007. However, as certified by the Management, the work has not started during the financial year 2015-16 due to pending receipt of license from the concerned authority.

(Amount in ₹)

<b>NOTE 10 : NON-CURRENT INVESTMENTS</b>	<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
<b>Non-Trade Investments (Valued at Cost, unless stated otherwise)</b>		
<b>Investment in Government Securities - Unquoted</b>		
- National Saving Certificate (NSC)	4,000	4,000
- Gold Sovereign Bond of Reserve Bank of India (22 units of 2 grams each)	115,664	-
<b>(A)</b>	<b>119,664</b>	<b>4,000</b>
<b>Trade Investments in Equity Instruments in Others- Quoted</b>		
PDS Multinational Fashions Limited, India		
50,000 (March 31, 2015: 50,000) Equity Shares of ₹ 10 each fully paid up	500,000	500,000
<b>(B)</b>	<b>500,000</b>	<b>500,000</b>
<b>Total Non Current Investments (A+B)</b>	<b>619,664</b>	<b>504,000</b>

a) Aggregate book value of quoted investment is ₹ 500,000 (March 31, 2015: ₹ 500,000)

b) Aggregate market value of quoted investment is ₹ 9,055,000 (March 31, 2015: ₹ 7,600,000)

c) Aggregate book value of unquoted investment is ₹ 119,664 (March 31, 2015: ₹ 4,000)

d) National Saving Certificates are pledged with Sales Tax Authorities.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

		(Amount in ₹)	
<b>NOTE 11 : DEFERRED TAX (LIABILITIES)/ASSETS</b>		As At March 31, 2016	As At March 31, 2015
<b>Deferred Tax Liabilities</b>			
- Impact of difference between tax depreciation as per Income Tax Act and depreciation/amortization charged for financial reporting		83,780,644	88,253,097
- Others		1,389,898	2,905,785
<b>Gross Deferred Tax Liability</b>	<b>(A)</b>	<b><u>85,170,542</u></b>	<b><u>91,158,883</u></b>
<b>Deferred Tax Assets</b>			
- Unabsorbed depreciation/losses to be carried forward as per Income Tax Act		88,231,169	91,050,972
- Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		34,566,559	27,042,190
- Others		1,156,198	344,871
<b>Gross Deferred Tax Assets</b>	<b>(B)</b>	<b><u>123,953,926</u></b>	<b><u>118,438,033</u></b>
<b>Net Deferred Tax (Liabilities)/ Assets</b>	<b>(B-A)</b>	<b><u>38,783,384</u></b>	<b><u>27,279,150</u></b>

				(Amount in ₹)	
<b>NOTE 12 : LOANS AND ADVANCES</b>		Non-Current		Current	
(Unsecured, considered good)		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Capital Advances</b>		29,276,621	2,322,551	-	-
	<b>(A)</b>	<b><u>29,276,621</u></b>	<b><u>2,322,551</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Security Deposits</b>		137,996,328	151,020,638	111,862,977	168,774,754
	<b>(B)</b>	<b><u>137,996,328</u></b>	<b><u>151,020,638</u></b>	<b><u>111,862,977</u></b>	<b><u>168,774,754</u></b>
<b>Advances Recoverable in cash or in Kind</b>		138,168,980	100,423,836	55,937,940	32,839,547
	<b>(C)</b>	<b><u>138,168,980</u></b>	<b><u>100,423,836</u></b>	<b><u>55,937,940</u></b>	<b><u>32,839,547</u></b>
<b>Other Loans and Advances</b>					
Advance Tax [Net of Provisions ₹ 144,529,809 (March' 31 2015: ₹ 94,088,342)]		37,037,343	70,578,956	-	-
MAT Credit Entitlement		-	25,158,861	-	-
Others		474,373	82,280,805	226,485,717	187,535,991
	<b>(D)</b>	<b><u>37,511,716</u></b>	<b><u>178,018,622</u></b>	<b><u>226,485,717</u></b>	<b><u>187,535,991</u></b>
<b>Total Loans &amp; Advances (A+B+C+D)</b>		<b><u>342,953,645</u></b>	<b><u>431,785,647</u></b>	<b><u>394,286,635</u></b>	<b><u>389,150,292</u></b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
<b>NOTE 13 : CURRENT INVESTMENTS</b>		
<b>Quoted Investment in Mutual Fund (Measured at fair value)</b>		
HDFC FMP Regular Growth 800,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 800,000 units of Face Value of ₹ 10 per unit)	10,173,120	9,382,240
BSL FTP Corporate Bond 1,000,000 Units of Face Value ₹ 10 per unit (March 31, 2015: 1,000,000 units of Face Value of ₹ 10 per unit)	12,466,400	11,412,800
HSBC Fixed Term Series 109 Super Growth 1,500,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 1,500,000 units of Face Value ₹ 10 per unit)	17,630,250	16,351,200
HDFC Cash Management 215,802.941 Units of Face Value of ₹ 10 per unit (March 31, 2015: 268,356.372 units of Face Value of ₹ 10 per unit)	5,620,329	7,919,438
IDBI liquid Fund Nil (March 31, 2015: 1,750,000 units of Face Value of ₹ 10 per unit)	-	19,214,825
IDBI Liquid Fund Nil (March 31, 2015: 2,313.365 units of Face Value of ₹ 100 per unit)	-	3,462,706
Birla Sunlife Interval Income 400,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 400,000 units of Face Value of ₹ 10 per unit)	5,039,120	4,663,520
Birla Sunlife Fixed Term Plan 2,000,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 2,000,000 units of Face Value of ₹ 10 per unit)	23,624,600	21,811,800
JM Arbitrage Fund Nil (March 31, 2015: 1,484,744.59 Units of Face Value of ₹ 10 per unit)	-	15,586,106
ICICI Prudential Flexible Income Nil (March 31, 2015: 7,438.01 Units of Face Value of ₹ 100 per unit)	-	1,956,946
Franklin India Corporate Bond 702,286.65 Units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	10,573,838	-
Edelweiss Arbitrage Fund Growth 2,753,303.97 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	31,550,936	-
Reliance -Dual Advantage Fixed Tenure Fund 3,000,000 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	34,496,700	-
ICICI Pru Equity Arbitrage Fund Regular 665,509.70 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	13,590,307	
UTI Short Term Income Fund 924,908.95 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	16,802,543	
ICICI Pru Corporate Bond 462,943.67 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	10,664,972	-
	<b>192,233,116</b>	<b>111,761,581</b>
Aggregate book value of quoted investment is ₹ 192,233,116 (March 31, 2015: ₹ 111,761,581)		
Aggregate market value of quoted investment is ₹ 192,233,116 (March 31, 2015: ₹ 111,761,581)		



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 14 : INVENTORIES</b>	<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
<b>(as taken, valued &amp; certified by Management)</b>		
Raw Materials	820,875,095	795,527,766
Goods in Transit (Raw Material)	15,681,258	7,736,608
Work In Progress	549,036,281	478,193,859
Finished Goods	326,075,145	444,554,156
Stores, Spares and Others	26,271,802	21,680,379
	<b><u>1,737,939,580</u></b>	<b><u>1,747,692,768</u></b>

	(Amount in ₹)			
<b>NOTE 15 : TRADE RECEIVABLES &amp; OTHER ASSETS</b>	<b>Non-Current</b>		<b>Current</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
(Unsecured, considered good unless stated otherwise)				
<b>15.1 - Trade Receivables</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured, considered Good	7,702,567	15,525,416	1,500,918	54,601,917
- Unsecured, considered Doubtful	22,188,838	32,627,750	5,698,441	9,370,065
	<u>29,891,405</u>	<u>48,153,166</u>	<u>7,199,360</u>	<u>63,971,982</u>
Less: Provision for Doubtful Receivables	22,188,838	32,627,750	5,698,441	9,370,065
<b>(A)</b>	<b><u>7,702,567</u></b>	<b><u>15,525,416</u></b>	<b><u>1,500,918</u></b>	<b><u>54,601,917</u></b>
<b>Other Receivables</b>				
- Unsecured, considered Good	-	-	1,805,166,676	1,138,639,427
<b>(B)</b>	<b>-</b>	<b>-</b>	<b><u>1,805,166,676</u></b>	<b><u>1,138,639,427</u></b>
<b>Total (A+B)</b>	<b><u>7,702,567</u></b>	<b><u>15,525,416</u></b>	<b><u>1,806,667,595</u></b>	<b><u>1,193,241,343</u></b>
<b>15.2 - Other Assets</b>				
<b>Non-Current Bank Balances (Refer Note 16)</b>				
Fixed Deposit with Banks	22,188,838	32,627,750	-	-
<b>Others</b>				
Interest Accrued But Not Due	3,597,468	3,597,812	5,845,944	4,724,885
Interest Accrued And Due	-	-	-	13,427,663
<b>(Refer Note 'a' below)</b>	-	-	-	-
Export Incentive Receivable	-	-	177,772,142	267,678,304
Others	-	-	1,867,753	-
<b>Total</b>	<b><u>25,786,306</u></b>	<b><u>36,225,562</u></b>	<b><u>185,485,839</u></b>	<b><u>285,830,852</u></b>

a) This amount due represents interest accrued and due on loan form related party as at March 31, 2015. However, the same have been received and there is no amount outstanding as at March 31, 2016.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)			
<b>NOTE 16 : CASH &amp; BANK BALANCES</b>	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Cash &amp; Cash Equivalents</b>				
Balances with Banks :				
In Current Accounts	-	-	462,514,815	206,675,680
In Unpaid Dividend Account	-	-	1,951,961	641,267
Cash on hand	-	-	61,416,184	18,155,311
Foreign Currency on hand	-	-	259,308	546,802
Cheques & Drafts on hand	-	-	45,772,527	19,857,734
Deposits with original maturity of less than 3 months	-	-	-	60,000,000
<b>(A)</b>	<u>-</u>	<u>-</u>	<u><b>571,914,795</b></u>	<u><b>305,876,793</b></u>
<b>Other Balances</b>				
Deposits with original maturity of more than 12 months	22,188,838	32,627,750	-	2,373,573
Deposits with original maturity of more than 3 months but less than 12 months	-	-	385,446,431	245,187,136
Balances with bank held as margin money or security against borrowing	-	-	<u><b>350,167,217</b></u>	<u><b>390,584,072</b></u>
	<b>22,188,838</b>	<b>32,627,750</b>	<b>735,613,648</b>	<b>638,144,781</b>
Less: Amount disclosed under non-current assets	22,188,838	32,627,750	-	-
<b>(Refer Note 15.2) (B)</b>	<u>-</u>	<u>-</u>	<u><b>735,613,648</b></u>	<u><b>638,144,781</b></u>
<b>Total (A+B)</b>	<u>-</u>	<u>-</u>	<u><b>1,307,528,443</b></u>	<u><b>944,021,575</b></u>

a) **In case of domestic companies:-** Deposits of ₹ 98,794,022 (March 31 2015: ₹ 98,881,502) are pledged as security with various banks.

b) **In case of Foreign Subsidiary (i.e. Norp Knit Industries Limited):-** Deposits of ₹ 350,167,217 (March 31 2015: ₹ 390,584,072) are pledged as security with banks.

	(Amount in ₹)	
<b>NOTE 17 : REVENUE FROM OPERATIONS</b>	For the year ended March 31, 2016	For the year ended March 31, 2015
Sale of Products (Refer Note 'a' below)	13,492,272,214	9,786,084,330
Export Incentives	434,017,806	408,591,723
Job Receipts	5,167,464	3,090,561
Other Operating Revenues	2,704,521	39,604,831
<b>Total</b>	<u><b>13,934,162,005</b></u>	<u><b>10,237,371,446</b></u>
<b>a) Details of Products Sold</b>		
Manufacturing - Garments	7,018,188,062	5,839,820,106
Traded - Garments & Accessories	6,249,750,799	3,824,383,848
Traded - Fabric	206,492,780	90,652,521
Others	17,840,573	31,227,856
	<u><b>13,492,272,214</b></u>	<u><b>9,786,084,330</b></u>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 18 : OTHER INCOME</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Interest Income		
- On Fixed Deposits with Banks	22,521,122	22,189,630
- On Income Tax Refund	5,185,926	-
- Others	3,796,139	10,286,327
Rental Income	98,378,335	78,947,579
Profit/Loss from trading of Mutual Funds	25,943,725	-
Credit Balances Written Back	9,013,016	-
Foreign Exchange Fluctuation	-	81,566,127
Miscellaneous Income	86,987,088	47,530,856
	<b>251,825,351</b>	<b>240,520,518</b>

	(Amount in ₹)	
<b>NOTE 19 : COST OF RAW MATERIAL CONSUMED</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Balance of Raw Material at the beginning of the Year	795,527,765	663,018,155
Add: Impact of Exchange Fluctuation & Reinstatement (Net)	15,932,637	10,713,322
Add:- Purchases during the year	6,222,628,379	5,152,915,192
Less:Cost of Goods Sold	182,212,983	81,587,269
	6,851,875,798	5,745,059,400
Less:- Balance of Raw Material at the end of the Year	820,875,095	795,527,765
<b>Total</b>	<b>6,031,000,703</b>	<b>4,949,531,635</b>

	(Amount in ₹)	
<b>NOTE 20 : PURCHASE OF TRADED GOODS</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Finished Goods Purchased	1,834,010,388	381,138,831
	<b>1,834,010,388</b>	<b>381,138,831</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 21 : (INCREASE) / DECREASE IN INVENTORIES</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
<b>Changes in inventories of finished goods</b>		
Opening Stock	444,554,157	556,875,205
Add: Impact of Exchange Fluctuation & Reinstatement (Net)	3,375,659	2,325,488
Less: Closing Stock	326,075,145	444,554,157
	<b>121,854,671</b>	<b>114,646,536</b>
<b>Changes in inventories of work-in-progress</b>		
Opening Stock	478,193,859	343,217,366
Add: Impact of Exchange Fluctuation & Reinstatement (Net)	15,172,814	53,576,151
Less: Closing Stock	549,036,281	478,193,859
	<b>(55,669,608)</b>	<b>(81,400,341)</b>
	<b>66,185,063</b>	<b>33,246,195</b>

	(Amount in ₹)	
<b>NOTE 22 : EMPLOYEE BENEFITS EXPENSE</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Salaries, Wages & Bonus	1,955,390,698	1,578,301,957
Contribution to Provident and Other funds	88,007,796	68,101,353
Staff Welfare Expenses	19,772,489	14,932,077
	<b>2,063,170,983</b>	<b>1,661,335,387</b>

The company has classified the various benefits provided to employees as under:

**(I) In the case of Pearl Global Industries Limited:-**

**(i) Defined Contribution Plan**

The company makes contribution towards Provident Fund (PF), Employee State Insurance (ESI) and Labour Welfare fund as defined contribution retirement plan for the qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company contributes a specified percentage of payroll cost to the said schemes to fund the benefits. Similarly, contribution is made at a specified percentage in case of Employee State Insurance and specific sum in the case of Labour Welfare Fund.

During the year, the Company recognized ₹ 40,130,096 (March 31, 2015: ₹ 28,118,865) for PF contribution, ₹ 12,951,231 (March 31, 2015: ₹ 9,374,508) for ESI & ₹ 2,048,299 (March 31, 2015: ₹ 2,041,180) for Labour Welfare Fund in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(ii) Defined Benefit Plan: It includes:**

- Gratuity in case of Gurgaon Division (Funded & maintained by Life Insurance Corporation of India)
- Gratuity in case of Chennai Division & Bangalore Division (Unfunded)
- Leave encashment/Compensated absence (Unfunded)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation is carried out in respect of aforesaid defined benefit plans and other long term benefits based on the assumption given in the table with subheading 'e'

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

below. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation at year end. The obligation for Leave Encashment is recognized in the same manner as of Gratuity.

### (iii) The details of Actuarial Valuation Certificate(s) are as under:

#### a) Reconciliation of opening and closing balances of Defined Benefit Obligations

Particulars	(Amount in ₹)					
	As at March 31, 2016			As at March 31, 2015		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Defined benefit obligation at beginning of the year	29,921,528	6,378,849	18,564,741	28,494,107	4,470,333	12,826,854
Adjustment in opening obligation	-	-	(405,329)	-	-	-
Interest Cost	2,393,722	510,308	1,452,753	2,279,529	379,978	1,090,283
Service Cost	5,887,142	4,614,056	5,559,330	4,003,484	2,780,104	8,103,462
Benefits Paid	(7,076,646)	(1,311,688)	(8,716,407)	(2,874,137)	(742,212)	(8,186,724)
Actuarial Gain / Loss on obligations	11,109,434	(288,302)	(33,275)	(1,981,455)	(509,354)	4,730,866
Defined benefit obligations at year end	<b>42,235,180</b>	<b>9,903,223</b>	<b>16,421,813</b>	<b>29,921,528</b>	<b>6,378,849</b>	<b>18,564,741</b>

#### b) Reconciliation of opening and closing balances of fair value of Plan Assets

Fair value of plan assets at beginning of the year	10,044,879	N.A	N.A	11,477,707	N.A	N.A
Difference amount in Opening Fund	2,550,405					
Expected Return on plan assets	1,070,599	-	-	1,032,994	-	-
Contribution	10,075,604	-	-	408,315	-	-
Benefits Paid	(7,076,646)	-	-	(2,874,137)	-	-
Actuarial gain/(loss) on plan assets	(192,484)	-	-	-	-	-
Fair value of plan assets at the year end	<b>16,472,357</b>	<b>N.A</b>	<b>N.A</b>	<b>10,044,879</b>	<b>N.A</b>	<b>N.A</b>

#### c) Reconciliation of fair value of Plan Assets and Obligations

Fair Value of plan assets as at the end of the period	16,472,357	-	-	10,044,879	-	-
Present Value of Obligation	42,235,180	9,903,223	16,421,813	29,921,528	6,378,849	18,564,741
Net assets/(liability) recognized in balance sheet	<b>(25,762,823)</b>	<b>(9,903,223)</b>	<b>(16,421,813)</b>	<b>(19,876,649)</b>	<b>(6,378,849)</b>	<b>(18,564,741)</b>



# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### Notes:

- 1) Actuarial valuation is based on escalation in future salary on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- 2) Expected rate of return on the plan assets is based on the expectation of the average long term rate of the return expected on the investments of the fund during the estimated term of the obligations.

### (II) In the case of Pearl Global (HK) Limited and its subsidiary (PT Pinnacle Apparels), details of Actuarial Valuation are as under:-

- a) The subsidiary provides benefits for its employees who achieve the retirement age at 55 based on the provisions of Labour Law No 13/2003 dated 25th March, 2003. The benefits are unfunded.
- b) As of March 31, 2016 the liabilities for employee benefits were calculated by an independent actuary, PT Katsir Imam Sapto Aktuarial using the "Projected Unit Credit" method. Those calculation were used as the basis for March 31, 2016 reporting, in their report dated April 19, 2016, with No. 3293/KIS/LA/04/2016.
- c) The principal assumptions used in determining employee benefits obligation as of 31 March 2016 and 2015 are as under:

Financial Assumptions	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount Rate	9.4%	8.5%
Future Salary Increase	3%	3%
No. of Employees	2,090	1,932
<b>Other Assumptions</b>		
Mortality rate	CSO' 88	CSO' 88
Disability rate	10%	10%
Normal retirement age	55 years	55 years

**Note:** Voluntary resignation determined of 2%-37% for employee before the age of 20-22 and will linearly decreased until 0% by the age of 54

- d) Past service cost – non vested:
  - Amortization method: straight line
  - Amortization period: the average period until the benefits becomes vested
- e) The amounts of employee benefits obligations recognized in the consolidated balance sheet were determined as follows:

	(Amount in ₹)	
Amount Recognized in Balance Sheet	As At March 31, 2016	As At March 31, 2015
Present value of obligation	13,959,679	9,980,351
<b>Net Liability in Balance Sheet</b>	<b>13,959,679</b>	<b>9,980,351</b>
Amount Recognized in Income Statement	For the year ended March 31, 2016	For the year ended March 31, 2015
Current Service Cost	2,767,845	2,314,772
Interest Cost	1,796,353	1,573,879
<b>Expenses recognized in the Income Statement</b>	<b>4,564,199</b>	<b>3,888,651</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>Comrehensive Income</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
At the beginning of the year	6,842,502	4,508,284
Other comprehensive expenses in Current year	1,157,333	2,334,218
Difference in Foreign Exchange	482,342	
<b>At the end of the year</b>	<b>8,482,176</b>	<b>6,842,502</b>
<b>Movement in the liability recognized in Balance sheet</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
At the beginning of the year	9,980,351	8,120,171
Charge to Income statement	4,564,199	3,888,590
Other comprehensive expenses	(1,157,333)	-2,334,218
Actual Benefit Paid	(68,275)	(65,675)
Foreign Currency Translation Reserve	640,737	371,483
<b>At the end of the year</b>	<b>13,959,679</b>	<b>9,980,351</b>

**(III) In the case of Norp Knit Industries Limited:-** The provision for employee benefits of ₹ 18,846,571 (March 31, 2015: ₹ 8,401,027) has been estimated on the basis of Management Calculation

	(Amount in ₹)	
<b>NOTE 23 : FINANCE COSTS</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Interest Expense	113,580,675	142,085,917
Interest on Directors Loan	28,834	397,819
Interest on Delayed Payment of Tax	2,289,903	861,308
Other Borrowing Costs	89,600,279	91,585,287
	<b>205,499,691</b>	<b>234,930,331</b>

	(Amount in ₹)	
<b>NOTE 24 : OTHER EXPENSES</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Manufacturing Expenses	1,562,742,450	1,327,592,075
Consumption of Stores & Spare Parts	92,905,097	89,776,186
Power & Fuel	177,358,789	165,430,232
Rent	158,445,801	126,800,010
Repair & Maintenance		
- Buildings	217,979	1,918,840
- Plant & Machinery	15,249,367	16,614,055



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 24 : OTHER EXPENSES</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
- Others	62,982,587	58,196,285
Legal & Professional	63,059,012	36,495,103
Marketing & Sales Promotion	268,894,204	187,399,333
Payment to the Auditors (Refer Note 'a' below)	4,409,416	4,800,662
Foreign Exchange Fluctuation	13,850,056	-
Commission Expense	39,778,169	23,281,440
Packing, Clearing & Forwarding Charges	218,302,240	149,146,735
Communication Expenses	66,602,019	47,246,158
Freight Outward	77,406,232	56,425,035
Travelling & Conveyance	95,721,050	76,089,212
Miscellaneous Expenses	415,980,845	348,454,630
	<b>3,333,905,313</b>	<b>2,715,665,994</b>
<b>a) Payment to Auditors</b>		
<b>As Auditor:</b>		
- Audit Fees	2,776,945	2,588,331
- Tax Audit Fees	310,000	275,000
- Taxation Matter	-	10,000
- Company Law Matter	10,000	-
<b>In other Capacity:</b>		
- Other Matters	728,810	1,384,309
- Reimbursement of Expenses	272,947	255,038
- Service Tax	310,714	287,984
	<b>4,409,416</b>	<b>4,800,662</b>
<b>b) Prior Period Expenditure</b>		
Processing & Subcontracting	237,034	242,953
Rates & Taxes	1,120,790	-
Travelling & Conveyance	318,411	-
Others	283,811	354,723
	<b>1,960,046</b>	<b>597,676</b>
		(Amount in ₹)
<b>NOTE 25 : EXCEPTIONAL ITEMS</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Profit/(loss) on Sale of Fixed Assets	(10,914,169)	(1,432,506)
	<b>(10,914,169)</b>	<b>(1,432,506)</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 26: EARNINGS PER SHARE (EPS)</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Profit/(Loss) attributable to the equity shareholders	366,639,386	250,692,208
Weighted Average number of equity shares outstanding at the end of the year	21,663,937	21,663,937
Nominal Value Of Equity Shares	10	10
<b>Basic/Diluted Earnings per share</b>	<b>16.92</b>	<b>11.57</b>

## NOTE 27: CONTINGENT LIABILITIES AND COMMITMENTS

### (I) Contingent Liabilities

#### a) In case of Pearl Global Industries Limited (Holding Company)

##### i) Corporate Guarantee Given By The Company (as per Section 186(4) of the Companies Act 2013)

- To Canara Bank, Hong Kong Branch, for securing various credit facilities to its subsidiary Norwest Industries Limited for Nil (March 31, 2015: USD 15,000,000 equivalent to ₹ 938,850,000)
- To ICICI Bank Limited, Hong Kong Branch, for securing the derivative limits to its step down subsidiary Norwest Industries Limited for Nil (March 31, 2015: USD 3,000,000 equivalent to ₹ 187,770,000)
- To Standard Chartered Bank, Hongkong Branch for securing credit facilities to its wholly owned subsidiary Pearl Global (HK) Limited, Hong Kong for USD 12,000,000 equivalent to ₹ 795,960,000 (March 31, 2015: USD 12,000,000 equivalent to ₹ 751,080,000)
- To Standard Chartered Bank, Bangladesh Branch for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for BDT 775,000,000 equivalent to ₹ 643,250,000 (March 31, 2015: BDT 560,000,000 equivalent to ₹ 442,400,000)
- Counter guarantee given by the Company to Axis Bank, Gurgaon for issue of Standby Letter of Credit to HSBC, Bangladesh for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for Nil (March 31, 2015: USD 400,000 equivalent to ₹ 25,036,000)

ii) Export Bills Discounted with banks ₹ 452,059,126 (March 31, 2015: ₹ 442,187,091)

iii) Irrevocable letter of credit (net of margin) outstanding with banks ₹ 620,416,450 (March 31, 2015: ₹ 917,280,249)

iv) Bank Guarantee given to government authorities ₹ 42,738,000 (March 31, 2015: ₹ 60,355,500)

v) Counter Guarantees given by the company to the Sales Tax Department for the enterprise over which Key Managerial Personnel have Significant influence amounting to ₹ 100,000 (March 31, 2015: ₹ 100,000), for others ₹ 50,000 (March 31, 2015: ₹ 50,000).

vi) **Contingent Liability:** Claims against the Company not acknowledged as debts:

- Case pending before ITAT (with respect to tax demand for A.Y. 2009-10) for which the Company has filed appeal amounting to ₹ 7,347,870.
- Tax Demand as per Sec 143(1) of Income Tax act, 1961 (with respect to tax demand for A.Y. 2014-15) amounting to ₹ 2,786,040.
- Several Legal Cases of labour pending at Labour Court, Civil Court and High Court.

#### b) In case of Norp Knit Industries Limited (Foreign Subsidiary)

The contingent liability of Norp Knit Industries Limited is ₹ 407,802,240 (March 31, 2015: ₹ 254,630,430) in respect of letters of credit outstanding and ₹ 3,003,770 (March 31, 2015: ₹ 1,489,150) in respect of bank guarantee.

#### c) In case of Pearl Global (HK) Limited (Foreign Subsidiary)

The contingent liability of Pearl Global (HK) Limited is ₹ 327,681,144 (March 31, 2015: ₹ 250,858,091) in respect of irrevocable letters of credit.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

## d) In case of Lerros Fashions India Limited

	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
Claim against the company not acknowledged as debt: The claim represent a counter claim including interest by one of the distributor against the company's claim of ₹ 9,979,426 plus interest pending arbitration as on March 31, 2015	-	17,970,483
<b>(II) Capital Commitments</b>	10	10
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	88,434,642	11,870,756

## NOTE 28: DETAILS OF SUBSIDIARIES

a) The subsidiaries considered in the Consolidation of Financial Statements are as under:

Name of the Enterprise	Country of Incorporation	% of voting power held as at March 31, 2016	% of voting power held as at March 31, 2015
Norp Knit Industries Limited	Bangladesh	99.99%	99.99%
Lerros Fashions India Limited	India	100.00%	59.64%
Pearl Global (HK) Limited	Hong Kong	100.00%	100.00%
Pearl Global Fareast Limited	Hong Kong	100.00%	100.00%
Pixel Industries Limited	India	100.00%	100.00%

b) The details of subsidiaries of Pearl Global(HK) Limited are as under:

DSSP Global Limited	Hongkong	100.00%	100.00%
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c) The details of subsidiaries of DSSP Global Limited are as under:

PT Pinnacle Apparels	Indonesia	69.91%	78.89%
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d) The details of holding of Pearl Global (HK) Limited are as under:

Name of the Enterprises	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2016	% of voting power held as at March 31, 2015
DSSP Global Limited	08.11.2012	HongKong	100.00%	100.00%

e) The details of holding of DSSP Global Limited are as under:

PT Pinnacle Apparels	18.11.2013	Indonesia	69.91%	78.89%
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## NOTE 29: ACCOUNTING POLICY FOR CONSOLIDATION

In case of foreign subsidiaries, sales made in foreign currency are translated at the rate ruling at the date of transaction. This is inconsistent with the policy of parent company and its Indian subsidiaries, where sales are recognized at monthly average exchange rate. The sales from foreign subsidiaries represents 46.39% (March 31, 2015: 41.23%) i.e. ₹ 6,460,530,963 (March 31, 2015: ₹ 4,203,677,488) of total sales of ₹ 13,926,290,020 (March 31, 2015 : ₹ 10,194,676,054)

## NOTE 30: GOODWILL/(CAPITAL RESERVE) OUTSTANDING ON ACQUISITION OF SUBSIDIARIES

Name of the Enterprises	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
Norp Knit Industries Limited	33,555,837	33,555,837
M/s Lerros Fashions India Limited	22,512,154	49,664,215

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### NOTE 31: SEGMENT REPORTING :

For the year ended March 31, 2016, the company has identified geographical segments as its primary segment and business segment as its secondary segment, as under:

- a) The geographical segments of the company based on the location of assets are United Kingdom, Hong Kong, India and Others
- b) The business segments considered by the Company are:
  - Manufacturing
  - Marketing, Distribution, Sourcing and Trading.
  - Branding & Retailing

### Geographical Segment

Particulars	(Amount in ₹)						
	UK	Hong Kong	India	Others	Total	Elimination	Total
Segment Sales	-	3,792,556,687	7,465,759,057	2,667,974,275	13,926,290,019	-	13,926,290,019
	-	(2,128,722,827)	(5,990,998,566)	(2,074,954,662)	(10,194,676,055)	-	(10,194,676,055)
Inter Segment Sales	-	-	256,118,224	3,713,082,392	3,969,200,616	3,969,200,616	-
	-	(14,386,472)	(209,104,147)	(3,047,918,884)	(3,271,409,503)	(3,271,409,503)	-
Total Segment Sales	-	3,792,556,687	7,721,877,281	6,381,056,667	17,895,490,635	3,969,200,616	13,926,290,019
	-	(2,143,109,299)	(6,200,102,713)	(5,122,873,546)	(13,466,085,558)	(3,271,409,503)	(10,194,676,055)
Other Income	-	80,452,000	205,207,161	259,370	285,918,532	26,221,196	259,697,336
	-	(35,649,016)	(151,827,488)	(366,227)	(187,842,730)	(28,888,339)	(158,954,391)
Total Segment Revenue	-	3,873,008,688	7,927,084,442	6,381,316,037	18,181,409,167	3,995,421,812	14,185,987,355
	-	(2,178,758,315)	(6,351,930,201)	(5,123,239,773)	(13,653,928,288)	(3,300,297,842)	(10,353,630,446)
Total Revenue of each segment as a percentage of total revenue of all segment	-	21.30	43.60	35.10	100.00		
	-	(15.96)	(46.52)	(37.52)	(100.00)		
Total Segment Operative Profit	-	137,436,811	393,179,392	316,184,523	846,800,726	-	846,800,726
	-	(52,386,531)	(401,504,310)	(281,650,589)	(735,541,429)	-	(735,541,429)
Depreciation	-	1,738,256	100,266,600	66,637,328	168,642,184	-	168,642,184
	-	(1,557,216)	(99,639,528)	(57,290,681)	(158,487,425)	-	(158,487,425)
Unallocated Expenses							-
							-
Total Segment Result before Interest & Taxes/ Extraordinary items	-	135,698,555	292,912,792	249,547,195	678,158,542	-	678,158,542
	-	(50,829,314)	(301,864,782)	(224,359,908)	(577,054,004)	-	(577,054,004)
Total EBIT of each segment as a percentage of total EBIT of all segment	-	20.01	43.19	36.80	100.00		
	-	(8.81)	(52.31)	(38.88)	(100.00)		
Net Financing Cost							205,499,680
							(234,930,331)
Income Tax Expenses							107,274,342
							(99,001,863)
Extraordinary Item							-
							-
Profit for the Year							365,384,521
							(243,121,810)
<b>Segment Assets</b>	-	1,480,493,334	4,609,704,748	2,654,235,899	8,744,433,981	-	8,744,433,981
	-	(563,410,915)	(4,775,244,603)	(2,439,541,980)	(7,778,197,497)	-	(7,778,197,497)

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

Particulars	UK	Hong Kong	India	Others	Total	Elimination	Total
Segment Assets as a percentage of Total assets of all segments	-	16.93	52.72	30.35	100.00		
	-	(7.24)	(61.39)	(31.36)	(100.00)		
<b>Segment Liabilities</b>	-	368,283,421	1,536,739,805	1,313,307,629	3,218,330,855	-	3,218,330,855
	-	(284,903,234)	(1,459,689,730)	(1,263,520,282)	(3,008,113,246)	-	(3,008,113,246)
Segment Liabilities as a percentage of Total Liabilities of all segments	-	11.44	47.75	40.81	100.00		
	-	(9.47)	(48.53)	(42.00)	(100.00)		
Segment Capital Employed	-	1,112,209,913	3,072,964,943	1,340,928,270	5,526,103,127	-	5,526,103,127
	-	(278,507,681)	(3,315,554,873)	(1,176,021,697)	(4,770,084,251)	-	(4,770,084,251)
Segment Capital Employed as a percentage of Total capital employed of all segments	-	20.13	55.61	24.27	100.00		
	-	(5.84)	(69.51)	(24.65)	(100.00)		
Capital Expenditure	-	67,391	158,074,357	83,694,742	241,836,490	-	241,836,490
	-	(285,069)	(209,800,906)	(80,887,785)	(290,973,759)	-	(290,973,759)
Segment Capital Expenditure as a percentage of Total capital expenditure of all segments	-	0.03	65.36	34.61	100.00		
	-	(0.10)	(72.10)	(27.80)	(100.00)		
Depreciation	-	1,738,256	100,266,600	66,637,328	168,642,184	-	168,642,184
	-	(1,557,216)	(99,639,528)	(57,290,681)	(158,487,425)	-	(158,487,425)

### Business Segment

Particulars	(Amount in ₹)					
	Manufacturing	Marketing Distribution Sourcing & Trading	Branding & Retailing	Total Segment	Elimination	Total
External Sales	10,061,624,247	3,864,665,772	-	13,926,290,019	-	13,926,290,019
	(8,045,819,419)	(2,147,279,186)	(1,577,450)	(10,194,676,055)	-	(10,194,676,055)
Inter Segment Sales	3,897,091,531	-	72,109,085	3,969,200,616	3,969,200,616	-
	(3,257,023,031)	4,169,887	(18,556,359)	(3,271,409,503)	(3,271,409,503)	-
Total Segment Sales	13,958,715,778	3,864,665,772	72,109,085	17,895,490,635	3,969,200,616	13,926,290,019
	(11,302,842,450)	(2,143,109,299)	(20,133,809)	(13,466,085,558)	(3,271,409,503)	(10,194,676,055)
Other Income	203,675,094	80,452,000	1,791,437	285,918,532	26,221,196	259,697,336
	(152,193,714)	(35,536,782)	(112,234)	(187,842,730)	(28,888,339)	(158,954,391)
Total Segment Revenue	14,162,390,872	3,945,117,773	73,900,522	18,181,409,167	3,995,421,812	14,185,987,355
	(11,455,036,165)	(2,178,646,081)	(20,246,043)	(13,653,928,288)	(3,300,297,842)	(10,353,630,446)
Total Revenue of each segment as a percentage of total revenue of all segment	77.89	21.70	0.41	100.00		
	(83.90)	(15.96)	(0.15)	(100.00)		
Segment Result EBIDTA	721,118,646	137,382,987	(11,700,906)	846,800,726	-	846,800,726
	(682,449,833)	(52,205,811)	(885,786)	(735,541,429)	-	(735,541,429)
Total EBIDTA of each segment as a total EBIDTA	85.16	16.22	(1.38)	100.00		
	(92.78)	(7.10)	(0.12)	(100.00)		
Depreciation	166,794,327	1,738,256	109,601	168,642,184	-	168,642,184
	(156,780,715)	(1,557,216)	(149,494)	(158,487,425)	-	(158,487,425)
Unallocated Expenses						-
						-
Total Segment Result before Interest & Taxes/ Extraordinary items	554,324,319	135,644,731	(11,810,507)	678,158,542		678,158,542
	(525,669,118)	(50,648,594)	(736,292)	(577,054,004)		(577,054,004)

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

Particulars	Manufacturing	Marketing Distribution Sourcing & Trading	Branding & Retailing	Total Segment	Elimination	Total
Total EBIT of each segment as a percentage of total EBIT of all segment	81.74 (91.10)	20.00 (8.78)	(1.74) (0.13)	100.00 (100.00)		
Net Financing Cost						205,499,680 (234,930,331)
Income Tax Expenses						107,274,342 (99,001,863)
Exceptional Loss						- -
Profit For the Year						365,384,521 (243,121,810)
<b>Segment Assets</b>	7,221,072,606 (7,186,943,013)	1,480,781,690 (563,910,915)	42,579,685 (27,343,570)	8,744,433,981 (7,778,197,497)	- -	8,744,433,981 (7,778,197,497)
Segment Assets as a percentage of total assets of all segments	82.58 (92.40)	16.93 (7.25)	0.49 (0.35)	100.00 (100.00)		
<b>Segment Liabilities</b>	2,849,970,485 (2,721,621,347)	368,306,321 (285,083,954)	54,049 (1,407,945)	3,218,330,855 (3,008,113,246)	- -	3,218,330,855 (3,008,113,246)
Segment Liabilities as a percentage of total liabilities of all segments	88.55 (90.48)	11.44 (9.48)	0.00 (0.05)	100.00 (100.00)		
Segment Capital Employed	4,371,102,121 (4,465,321,665)	1,112,475,369 (278,826,961)	42,525,636 (25,935,625)	5,526,103,127 (4,770,084,251)	- -	5,526,103,127 (4,770,084,251)
Segment Capital Employed as a percentage of total capital employed of all segments	79.10 (93.61)	20.13 (5.85)	0.77 (0.54)	100.00 (100.00)		
Capital Expenditure	241,769,099 (290,688,691)	67,391 (285,069)	- -	241,836,490 (290,973,759)		241,836,490 (290,973,759)
Segment Capital Expenditure as a percentage of total capital expenditure of all segments	99.97 (99.90)	0.03 (0.10)	- -	100.00 (100.00)		
Depreciation	166,794,327 (156,780,715)	1,738,256 (1,557,216)	109,601 (149,494)	168,642,184 (158,487,425)		168,642,184 (158,487,425)

### NOTE 32 : DISCLOSURE OF RELATED PARTIES/RELATED PARTY TRANSACTIONS

#### A. Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of the Related Party
<b>Subsidiary (Direct / Indirect)</b>	<b>Domestic</b>
	Lerros Fashions India Limited
	Pixel Industries Limited
	<b>Overseas</b>
	Norp Knit Industries Limited
	Pearl Global Fareast Limited
	Pearl Global (HK) Limited
	DSSP Global Limited
	PT Pinnacle Apparels (formely known as PT Norwest Industry)

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

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<b>Enterprise over which Key Managerial Personnel exercise Significant influence</b>	<b>Domestic</b>
	Pearl Wears Creative Arts Education Society PS Arts Private Limited PDS Multinational Fashions Limited Little People Education Society Nim International Commerce LLP Vau Apparels LLP
	<b>Overseas</b>
	Grupo Extremo SUR S.A SACB Holdings Limited JSM Trading (FZE.) Transnational Textile Group Limited Superb Mind Holdings Limited Global Textiles Group Limited Multinational Textile Group Limited Casa Forma Limited PDS Asia Star Corporation Limited Simple Approach Limited Zamira Fashion Limited PG Group Limited DPOD Manufacturing Limited Norwest Industries Limited Poeticgem International Limited Multinational OSG Services Bangladesh Limited Nor Delhi Manufacturing Limited Techno Design Gmbh Propur Investment Limited Mahidhulu Investment Limited Poetic Brands Limited Poeticgem Limited PDS Trading (Shanghai) Company Limited Simple Approach (Canada) Limited Zamira Denim Lab Limited PG Home Group Limited PG Shanghai Mfg Company Limited Gem Australia Manufacturing Company Limited Norwest Inc. Sourcing Solutions Limited Grand Pearl Trading Company Limited Razamtazz Limited Krayon Sourcing Limited (Formerly Souring Solutions HK Limited) Nor France Manufacturing Company Limited Nor Lanka Manufacturing Limited Nor Europe MFG Company Limited

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

Kleider Sourcing Hongkong Limited  
 Techno Manufacturing Limited (Formerly Sino West MFG Company Limited)  
 Nor India Manufacturing Company Limited  
 Spring Near East Manufacturing Company Limited  
 Designed and Sourced Limited  
 FX Import Hongkong Limited  
 Poetic Knitwear Limited  
 Pacific Logistics Limited  
 Pearl GES Home Group SPA  
 Nor France SAS  
 Nor Lanka Manufacturing Colombo Limited  
 Nor Europe SPA  
 FX Import Company Limited  
 MultiTech Venture Limited (Mauritius)  
 Redwood Internet Ventures Limited  
 Digital Internet Technologies Limited  
 Progress Manufacturing Group Limited  
 Progress Apparels (Bangladesh) Limited  
 Norlanka Progress Private Limited  
 Green Apparel Industries Limited  
 JJ Star Industrial Limited  
 Twin Asia Limited

<b>Key Management Personnel (KMP)</b>	Mr. Deepak Seth	Chairman
	Mr. Pulkit Seth	Managing Director
	Mrs. Shefali Seth	Wholetime Director
	Mr. Vinod Vaish	Wholetime Director
	Mr. Raj Kumar Chawla	Chief Financial Officer
	Mr. Sandeep Sabharwal	Company Secretary
	Mr. Sanjay Sarkar	Executive Director
	Mr. Pallak Seth	Son of Chairman
	Mrs. Payel Seth	Wife of Chairman

## B. Disclosure of Related Parties Transactions:

### (i) Associates/Enterprise over which KMP has Significant Influence

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Sale of Goods	-	125,561,417
Expenses paid by us on their behalf	10,719,943	84,020,542
Reimbursement of Expenses	341,780	1,478,057
Sampling Income	3,273,000	15,287,500
Interest Income	3,197,688	9,569,682
Loan Given	30,000,000	30,000,000



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

Loan Received Back	103,283,488	17,200,000
SAP Income	3,981,262	7,510,896
Purchase of Assets	92,684	-
<b>Closing Balance</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Amount Receivable	-	20,017,014
Others Payable	-	3,404,265
Loan & Advances Receivable	35,334,961	113,370,500

## (ii) Key Management Personnel

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Remuneration Paid	18,282,102	17,424,561
Loan Repaid	649,815	28,700,000
Expenses paid by us on their behalf	665,751	199,783
Interest Paid	54,960	397,819
Advance Given	2,622,199	203,015
Expenses incurred by them on our behalf	2,515,414	-
Reimbursement of Expenses	575,603	2,526,803
Advance Received Back	27,836	203,015
Directors Sitting Fees	165,000	112,500
Incentive Paid	1,174,564	2,023,297
<b>Closing Balance</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Remuneration & Other Payable	1,151,270	1,452,047
Loan to Director	-	748,876

## C. Disclosure of Material Transactions with Related Parties having more than 10% interest in each transaction in the ordinary course of business

### (i) Associates/ Enterprise over which KMP has significant influence

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Sale of Goods</b>		
Norwest Industries Limited	-	125,561,417
<b>Loan Given</b>		
PDS Multinational Fashion Limited	30,000,000	30,000,000
<b>Rent Income</b>		
Creative Arts Education Society	-	13,027,908
<b>Loan Received Back/ Interest Received</b>		
Little People Education Society	-	10,000,000

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Vau Apparel Private Limited	-	7,200,000
PDS Multinational Fashion Limited	30,000,000	-
Multinational Textiles Group Limited	73,283,488	-
<b>Reimbursement of Expenses</b>		
Norwest Industries Limited	125,206	824,229
Poeticgem Limited	-	648,897
PDS Multinational Fashion Limited	216,575	-
<b>Sampling Income</b>		
Multinational Textiles Group Limited	3,273,000	15,287,500
<b>Expenses paid by us on their behalf</b>		
Pds Multinational Fashion Limited	-	73,525,576
Norwest Industries Limited	10,719,943	1,147,416
Simple Approach Limited	-	9,152,934
<b>Interest Income</b>		
PDS Multinational Fashion Limited	2,165,753	5,966,922
Multinational Textiles Group Limited	1,031,935	3,602,760
<b>SAP Income</b>		
Nor Lanka Manufacturing Limited	-	2,115,778
Norwest Industries Limited	-	3,547,731
Poeticgem Limited	-	942,017
Multinational Textiles Group Limited	3,981,262	-
<b>Purchase of Assets</b>		
PDS Multinational Fashion Limited	92,684	-
<b>Closing Balance</b>		
Little People Education Society	-	13,427,663
Gem Australia Manufacturing Limited	-	26,601
Multinational Textiles Group Limited	3,981,262	73,027,954
Nor Lanka Manufacturing Limited	-	1,124,273
Norwest Industries Limited	-	4,471,348
PDS Multinational Fashion Limited	31,353,699	30,044,384
Pearl GES Group Limited	-	6,728
Poeticgem Limited	-	(238,150)
Simple Approach Limited	-	74,013

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Zamira Fashion	-	(36,615)
Vau Apparels LLP	-	14,314,050

## (ii) Key Management Personnel

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Remuneration</b>		
Mr.Pulkit Seth	7,528,800	7,078,800
Ms. Shefali Seth	6,028,800	5,828,800
Mr. Rajkumar Chawla	1,954,980	1,906,752
<b>Expenses paid by us on their behalf</b>		
Mr. Deepak Seth	665,751	199,783
<b>Loan Repaid</b>		
Mr. Deepak Seth	649,815	28,700,000
<b>Interest Expenses</b>		
Mr. Deepak Seth	54,960	397,819
<b>Advance Given</b>		
Mr. Raj Kumar Chawla	696,000	-
Mr. Vinod Vaish	1,328,081	-
Mr. Sandeep Sabharwal	545,700	203,015
<b>Expenses Incurred by Them on our Behalf</b>		
Mr. Deepak Seth	511,730	-
Mr. Raj Kumar Chawla	675,603	-
Mr. Vinod Vaish	1,328,081	-
<b>Reimbursement of Expenses</b>		
Mr. Deepak Seth	-	-
Mr. Vinod Vaish	-	1,461,400
Mr. Raj Kumar Chawla	575,603	729,403
Mr. Sandeep Sabharwal	-	336,000
<b>Directors sitting Fees</b>		
Mr. Deepak Seth	22,500	30,000
Mr. Anil Nayar	45,000	22,500
Mr. CR Dua	45,000	30,000
Mr. S.B. Mohapatra	45,000	22,500
Mr. AP Bhupatkar	-	-
<b>Incentive Paid</b>		
Mr. Raj Kumar Chawla	1,084,564	1,873,297
Mr. Sandeep Sabharwal	90,000	150,000
<b>Advance Received Back</b>		
Mr. Shefali Seth	27,432	203,015

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### Closing Balance

Mr. Vinod Vaish	50,010	103,470
Mr. Raj Kumar Chawla	148,940	158,896
Mr. Sandeep Sabharwal	105,940	109,413
Mr. Pulkit Seth	493,190	625,000
Ms. Shefali Seth	353,190	500,000
Mr. Deepak Seth	-	748,876

### NOTE 33 : CURRENCY DERIVATIVES

In the case of Pearl Global Industries Limited

- a) For the year ended March 31, 2016, the Company has recognised gain of ₹ 21,506,323 (March 31, 2015: ₹ 25,717,846) relating to derivative financial instruments (comprising of foreign currency forward contracts). These commitments with respect to foreign currency forward contracts have been entered into by the Company to hedge against future receipts from customers in the ordinary course of business. These arrangements are designed to address significant exchange exposures and are reviewed by the Management on a revolving basis as required.
- b) The following table represents the aggregate contracted principal amount of Company's derivative contracts outstanding:

Particulars	As At	As At
	March 31, 2016	March 31, 2015
	USD 1,34,00,000	USD 22,625,000
Forward Foreign Exchange Contract	(Equivalent to ₹ 928,234,560)	(Equivalent to ₹ 1,483,911,753)
	Nil	EUR 600,000
Forward Foreign Exchange Contract	Nil	(Equivalent to ₹ 40,992,000)

- c) Particulars of Unhedged foreign currency exposures as at March 31, 2016 :

Particulars	Foreign Currency	Document Currency (Amount in ₹)
		\$1,470,118
Foreign Currency Receivable	EUR 288,510	21,667,129
	GBP 3,411	324,374
Foreign Currency Payable	\$5,016,482	332,743,238
	EUR 728	54,641
Foreign Currency Loan Receivable	\$2,812,629	186,561,685

### NOTE 34 : LEASES

In the case of Pearl Global Industries Limited

#### (a) Asset Given on Lease

##### (i) Minimum Lease Payments Receivables

The company has given certain assets on operating lease and lease rent (income) amounting to ₹ 98,378,335 (March 2015 ₹ 78,947,579) has been credited in the Statement of Profit & Loss. The future minimum lease payments receivable and detail of assets as at March 31, 2016 are as under :

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2016

Particulars	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
Not later than 1 year	93,971,842	54,567,637
Later than 1 year but not later than 5 years	59,587,719	62,238,591
Later than 5 years	-	-
<b>Total</b>	<b>153,559,561</b>	<b>116,806,228</b>

As per para 3 of AS-19, Minimum lease payments are the payments over the lease term that the lessee is, or can be required, to make excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor

## (ii) Gross Investment on Leased Assets

Particulars	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
Gross Investment on leased Assets	667,340,028	645,630,852
Accumulated Depreciation on Lease Assets	49,031,481	30,084,764
Depreciation Charged during the year	12,209,038	11,064,796

(iii) In pursuance with Para 23 of AS-19, "Leases" as notified under the Companies (Accounts) Rules 2014, lease rent under operating leases is recognized in Statement of Profit and Loss on straight line basis over the lease term. Accordingly, Lease Equalisation Asset of ₹ 3,118,952 as on March 31, 2016 has been created.

Particulars	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
Total Operating Lease Rent Receivable as on March 31, 2015		8,548,942
Lease Rent on Straight line basis (credited to Statement of Profit & Loss through Rent Income during the year)		5,429,990
<b>Total Operating Lease Rent Receivable as on March 31, 2016</b>		<b>3,118,952</b>

## (a) Asset Taken on Lease

### (i) Minimum Lease Payments Payables

The Company has taken certain assets on non cancelable operating lease and lease rent charged to Statement of Profit & Loss amounts to ₹ 84,137,918 (March 2015: ₹ 66,437,549). The details of future minimum lease payments is as under :

Particulars	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
Not later than 1 year	64,048,790	40,447,674
Later than 1 year but not later than 5 years	245,144,722	89,437,002
Later than 5 years	86,291,733	58,619,422
<b>Total</b>	<b>395,485,245</b>	<b>188,504,097</b>

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

(ii) In pursuance with Para 23 of AS-19, "Leases" issued under Companies (Accounts) Rules 2014, lease rent under operating leases is recognized under Statement of profit and loss on a straight line basis over the lease term as under:

Particulars	(Amount in ₹)
Total Operating Lease Rent Payable as on March 31, 2015	3,712,148
Lease Rent on Straight line basis (debited to Statement of Profit & Loss through Rent Expense A/c)	1,460,346
<b>Total Operating Lease Rent Receivable as on March 31, 2016</b>	<b>5,172,494</b>

### NOTE 35: CORPORATE SOCIAL RESPONSIBILITY

The details of Corporate Social Responsibility as per Section 135 of the Companies Act 2013 read with Schedule VII thereof is as under:

Particulars	(Amount in ₹)
(a) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits of last three years)	2,476,434
(b) Amount spent during the year	-
(c) Amount earmarked by the CSR Committee for the F.Y. 2015-16	-
(d) Minimum Amount to be Spent [(a)-(b)]	2,476,434

### NOTE 36:

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates/ Joint Ventures.

Name of Enterprises	Net Assets i.e. total assets minus total liability and Minority Interest		Share in profit or loss	
	As % of consolidated net assets	Amount (₹) in lacs	As % of consolidated profit or loss	Amount (₹) in lacs
<b>Parent</b>				
Pearl Global Industries Limited	84%	2,884,832,244	36%	133,169,940
<b>Subsidiaries</b>				
<b>Indian</b>				
Pixel Industries Limited	0%	(234,545)	0%	(53,824.50)
Lerros Fashions India Limited	-4%	(135,778,913)	-3%	(10,123,269)
<b>Foreign</b>				
Pearl Global Far East	3%	90,727,767	9%	33,094,657
Norp Knit Industries Limited	14%	472,508,970	31%	113,451,112
Pearl Global ( HK ) Limited	-1%	(30,938,459)	18%	65,020,137
DSSP Global Limited	0%	13,364,168	0%	(1,142,473)
PT Pinnacel Apparels	7%	245,721,588	9%	31,968,242
Minority Interest	-3%	(94,442,586)	0%	1,254,865
<b>Total</b>		<b>3,445,760,236</b>		<b>366,639,386</b>

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2016

### NOTE 37

In view of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated as on balance sheet date i.e. March 31, 2016.

### NOTE 38

The process of receiving confirmation from trade payables & receivables is an ongoing process and as at March 31, 2016, the Company is in process of receiving the confirmations from the parties.

### NOTE 39

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company regularly updates the documentation for the International transactions entered into with the associated enterprises during the period as required under law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for the year ended March 31, 2016.

### NOTE 40

Figures have been rounded off to the nearest rupee.

### NOTE 41

Previous year figures have been regrouped and reclassified wherever necessary.

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pulkit Seth**  
Managing Director  
DIN 00003044

**Vinod Vaish**  
Whole time Director  
DIN 01945795

Place of Signature : Gurgaon  
Dated : 25th May, 2016

**Raj Kumar Chawla**  
Chief Finance Officer

**Sandeep Sabharwal**  
Company Secretary

# Independent Auditors' Report

## To the Members of Pearl Global Industries Limited

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **Pearl Global Industries Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and 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 financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

### AUDITOR'S 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 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 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, of the state of affairs of the Company as at March 31, 2016, its profit and cash flows for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



# Independent Auditors' Report

## To the Members of Pearl Global Industries Limited

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. On the basis of written representations received from the management of the Company, the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer *Note No. 28 to the financial statements*.
    - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts – Refer *Note No. 31 to the financial statements*.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For S.R. Dinodia & Co. LLP**

*Chartered Accountants,*

Firm Registration Number 001478N/N500005

**(Pradeep Dinodia)**

*Partner*

Membership No. 080617

Place of Signature: Gurgaon

Date: 25th May, 2016

# Independent Auditors' Report

## To the Members of Pearl Global Industries Limited

### **Annexure 'A' to the Independent Auditors' Report of even date on the standalone financial statement of Pearl Global Industries Limited**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Pearl Global Industries Limited ("the Company")** as of March 31, 2016 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 Companies Act, 2013.

#### **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 Companies Act, 2013, 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 judgement, 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 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

# Annexure to the Auditors' Report

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 March 31, 2016, 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.R. Dinodia & Co. LLP**

*Chartered Accountants,*

Firm Registration Number 001478N/N500005

## **(Pradeep Dinodia)**

*Partner*

Membership No. 080617

Place of Signature: Gurgaon

Date: 25th May, 2016

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

The Annexure referred to in independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2016; we report that:

- i) In respect of fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified at periodic intervals. In accordance with this programme for the year, no material discrepancies were noticed on such verification. In our opinion, such periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) On the basis of written representation received from the management of the Company, the title deeds of immovable properties held in the name of the Company are mortgaged with the Banks for securing the long term and short term borrowings raised by the Company.
- ii) In respect of its inventory:
  - a) On the basis of information and explanation provided by the management, inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification followed by the management is reasonable.
  - b) No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii) a) According to the information and explanation given to us, the Company had granted unsecured loan to two companies covered under register maintained under section 189 of the Companies Act, 2013. The terms and conditions of grant of such loans are not prejudicial to the interest of the Company.
  - b) In case of above loans, the schedule of repayment of principal and interest is stipulated and there is no overdue amount as at year end; with respect to loans granted during the year.
- iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees & securities, as applicable.
- v) The Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vi) On the basis of available information and explanation provided to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014 dated December 31, 2014 to the current operations carried out by the Company. Accordingly, the provisions of paragraph 3(vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vii) a) 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 any other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - b) According to the records of the Company examined by us and the information and explanations given to us, there were no 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 on account of any dispute except the following, which have not been deposited on account of dispute:

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

S.No	Name of the Statute	Nature of Dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax Demand	7,347,870	A.Y 2009-10	ITAT
2.	Income Tax Act, 1961	Income Tax Demand	2,786,040	A.Y 2014-15	Demand Received as per Sec 143 (1) of the Income Tax Act, 1961

- viii) On the basis of information and explanation provided to us, the Company has not defaulted in repayment of loans and borrowings to financial institution and bank. The Company has not taken any loan from Government or has not issued any debentures.
- ix) The Company did not raise any money by the way of initial public or further public offer (including debt instruments) during the year. However, the term loans taken during the year were applied for the purpose for which the same has been raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has paid/provided managerial remuneration in accordance with provisions of section 197 read with Schedule V to the Companies Act, 2013 as applicable to the Company.
- xii) The Company is not a Nidhi Company and hence, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- xiii) During the course of our examination of the books and records of the Company, all transactions entered with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc, as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

**For S.R. Dinodia & Co. LLP.**

*Chartered Accountants,*

Firm Registration Number 001478N/N500005

**(Pradeep Dinodia)**

*Partner*

Membership No. 080617

Place of Signature: Gurgaon

Date: 25th May, 2016

# Balance Sheet

## as at March 31, 2016

(Amount in ₹)

Particulars	Note No.	As At March 31, 2016	As At March 31, 2015
<b>I Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	216,639,370	216,639,370
(b) Reserves and Surplus	4	2,668,192,874	2,662,394,562
		<b>2,884,832,244</b>	<b>2,879,033,932</b>
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	145,559,895	106,500,070
(b) Deferred Tax Liabilities (Net)	6	-	1,973,244
(c) Other Long Term Liabilities	7	405,621,574	413,251,060
(d) Long-Term Provisions	8	30,313,499	26,518,261
		<b>581,494,968</b>	<b>548,242,635</b>
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	9	1,082,522,707	1,037,929,502
(b) Trade Payables	7		
- Total Outstanding Dues of Micro and Small Enterprises		10,193,492	5,211,726
- Total Outstanding Dues of Creditors other than Micro and Small Enterprises		913,628,577	757,416,081
(c) Other Current Liabilities	7	199,272,091	195,076,697
(d) Short-Term Provisions	8	46,119,920	60,627,240
		<b>2,251,736,787</b>	<b>2,056,261,246</b>
<b>Total</b>		<b>5,718,063,999</b>	<b>5,483,537,813</b>
<b>II Assets</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	1,669,745,221	1,665,924,337
(ii) Intangible Assets	10	8,042,233	9,191,766
(iii) Capital Work in Progress	10	38,509,133	2,373,988
(b) Non-Current Investments	11	879,884,885	538,389,971
(c) Deferred Tax Assets (Net)	6	9,517,868	-
(d) Long-Term Loans and Advances	12	353,097,837	526,005,994
(e) Other Non-Current Assets	14	39,587,023	79,365,287
		<b>2,998,384,200</b>	<b>2,821,251,343</b>
<b>Current Assets</b>			
(a) Current Investments	15	192,233,116	111,761,581
(b) Inventories	16	1,078,007,011	1,138,645,797
(c) Trade Receivables	13	540,167,784	523,368,046
(d) Cash and Bank Balances	17	564,277,636	437,064,730
(e) Short-Term Loans and Advances	12	159,570,319	159,362,415
(f) Other Current Assets	14	185,423,933	292,083,901
		<b>2,719,679,799</b>	<b>2,662,286,470</b>
<b>Total</b>		<b>5,718,063,999</b>	<b>5,483,537,813</b>
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For **S. R. Dinodia & Co. LLP.**

Chartered Accountants

Firm's Registration Number: 001478N/N500005

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pradeep Dinodia**

Partner

Membership No. 080617

**Pulkit Seth**

Managing Director

DIN 00003044

**Vinod Vaish**

Whole time Director

DIN 01945795

Place of Signature : Gurgaon

Dated: 25th May, 2016

**Raj Kumar Chawla**

Chief Financial Officer

**Sandeep Sabharwal**

Company Secretary

# Statement of Profit & Loss

## For the year ended March 31, 2016

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>I</b> Revenue from Operations	<b>18</b>	7,681,849,624	6,239,920,086
<b>II</b> Other Income	<b>19</b>	326,797,260	278,236,986
<b>III Total Revenue (I + II)</b>		<b>8,008,646,884</b>	<b>6,518,157,072</b>
<b>IV Expenses</b>			
(a) Cost of Materials Consumed	<b>20</b>	2,043,835,244	1,756,324,132
(b) Purchases of Stock-in-Trade	<b>21</b>	2,452,943,152	1,690,044,523
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	<b>22</b>	39,145,365	37,995,697
(d) Employee Benefits Expense	<b>23</b>	798,397,788	611,515,882
(e) Finance Costs	<b>24</b>	135,085,056	164,247,231
(f) Depreciation and Amortization Expense	<b>10</b>	100,156,999	99,490,034
(g) Other Expenses	<b>25</b>	2,240,388,417	2,004,165,656
<b>Total Expenses</b>		<b>7,809,952,020</b>	<b>6,363,783,155</b>
<b>V Profit before Exceptional and Extraordinary Items and Tax (III - IV)</b>		<b>198,694,864</b>	<b>154,373,917</b>
<b>VI</b> Exceptional Items	<b>26</b>	<b>(11,444,133)</b>	<b>(2,647,862)</b>
<b>VII Profit Before Tax (V + VI)</b>		<b>187,250,731</b>	<b>151,726,055</b>
<b>VIII Tax Expense:</b>			
Current Tax		(67,823,413)	(51,612,613)
Deferred Tax		11,491,112	2,268,981
Tax Adjustment for Earlier Years		2,251,510	(206,365)
<b>IX Profit/ (Loss) of the Year (VII+VIII)</b>		<b>133,169,940</b>	<b>102,176,058</b>
<b>X Earnings per equity share:</b>			
(1) Basic	<b>27</b>	6.15	4.72
(2) Diluted	<b>27</b>	6.15	4.72
Significant Accounting Policies	<b>2</b>		

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For **S. R. Dinodia & Co. LLP.**

Chartered Accountants

Firm's Registration Number: 001478N/N500005

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurgaon

Dated: 25th May, 2016

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pulkit Seth**

Managing Director

DIN 00003044

**Raj Kumar Chawla**

Chief Financial Officer

**Vinod Vaish**

Whole time Director

DIN 01945795

**Sandeep Sabharwal**

Company Secretary

# Cash Flow Statement

## for the year ended March 31, 2016

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Prior Period Items	187,250,731	151,726,055
<b>Adjustments For :</b>		
Depreciation and Amortization	100,156,999	99,490,034
(Profit)/Loss on sale of Fixed Assets	11,444,133	2,647,862
(Profit)/Loss on sale of Investment	(25,943,725)	6,667,009
Rent Received	(98,378,335)	(78,947,579)
Interest Paid	132,795,153	163,385,923
Interest Received	(47,816,941)	(48,327,433)
	<b>72,257,284</b>	<b>144,915,816</b>
<b>Operating Profit before Working Capital Changes</b>	<u>259,508,015</u>	<u>296,641,871</u>
<b>Adjustments For Increase/ (Decrease) In:</b>		
Trade and Other Receivables	496,709,813	(94,572,015)
Inventories	60,638,786	3,351,695
Trade and Other Payables	32,605,565	142,759,256
	<b>589,954,164</b>	<b>51,538,936</b>
<b>Cash Generated from Operations</b>	<u>849,462,179</u>	<u>348,180,806</u>
Tax Paid on Final and Interim dividend	(20,771,765)	(7,363,572)
Direct Taxes Paid	(18,013,164)	(33,752,544)
<b>Net Cash Generated from Operating Activities (A)</b>	<b>810,677,250</b>	<b>307,064,690</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including CWIP, Capital Advances and Capital Creditors)	(157,334,453)	(232,946,296)
Sale of Investment	13,424,617	119,118,541
Investment made during the year	(458,596,124)	(128,447,618)
Investment in bank deposits (having original maturity of more than one year)	(10,124,311)	(7,697,004)
Investment in bank deposits (having original maturity of less than one year)	(7,750,738)	13,626,549
Loan Given	(73,960,950)	(7,390,997)
Sale of Fixed Assets	7,666,731	7,260,872
Interest Received	47,816,941	48,327,433
Rent Received	98,378,335	78,947,579
<b>Net Cash used in Investing Activities (B)</b>	<b>(540,479,953)</b>	<b>(109,200,940)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(132,795,153)	(163,385,923)
Interim and Proposed Dividend Paid	(101,593,007)	(43,253,954)
Repayment of Loan	(43,732,240)	(33,997,542)
Proceeds from Borrowings	127,385,270	105,046,608
<b>Net Cash used in Financing Activities (C)</b>	<b>(150,735,130)</b>	<b>(135,590,810)</b>
<b>Net Increase in Cash/Cash Equivalents (A+B+C)</b>	119,462,168	62,272,939
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>222,075,268</b>	<b>159,802,329</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>341,537,436</b>	<b>222,075,268</b>
Cash & Cash Equivalents include:		
(a) Cash on Hand (including Foreign Currency)	3,700,005	3,309,799
(b) Cheque on Hand	4,018,411	7,155,652
(c) Deposits with original maturity of less than 3 months	-	60,000,000
(d) Balance with Scheduled banks:		
- In Current Account(s)	331,867,059	150,968,550
- In Unpaid dividend Account	1,951,961	641,267
	<b>341,537,436</b>	<b>222,075,268</b>
<b>Note:</b>		
Figures in brackets represent outflows		

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For **S. R. Dinodia & Co. LLP.**

Chartered Accountants

Firm's Registration Number: 001478N/N500005

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurgaon

Dated: 25th May, 2016

**Pulkit Seth**

Managing Director

DIN 00003044

**Raj Kumar Chawla**

Chief Financial Officer

**Vinod Vaish**

Whole time Director

DIN 01945795

**Sandeep Sabharwal**

Company Secretary



# Notes

## to the financial statements for the year ended March 31, 2016

### NOTE 1: CORPORATE OVERVIEW

Pearl Global Industries Limited is a public limited company incorporated in India and has its registered office at A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028. The company is primarily engaged in manufacturing, sourcing and export of ready to wear apparels through its facilities and operations in India and overseas. The Company has its primary listings on Bombay Stock Exchange and National Stock Exchange in India.

### NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNT

#### 2.1 Accounting Convention

The financial statements have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention and on an accrual basis of accounting except investment available for sale and held for trading is measured at fair value and land and building which is measured at revalued cost. The Company has complied in all material respects with Accounting Standard notified under section 133 of the Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 2.2 Uses of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets & liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount(s) of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis.

#### 2.3 Summary of Significant Accounting Policies

##### a) Inventories

- i) Inventories of finished goods manufactured by the company are valued style-wise and at lower of cost and estimated net realizable value. Cost includes material cost on weighted average basis and appropriate share of overheads.
- ii) Inventories of finished goods (traded) are valued at lower of procurement cost (FIFO Method) or estimated net realizable value.
- iii) Inventories of Raw Material, Work in Progress, Accessories & Consumables are valued at cost (weighted average method) or at estimated net realizable value whichever is lower. WIP cost includes appropriate portion of allocable overheads.
- iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale."

##### b) Tangible Assets and Capital Work-In-Progress

- i) Tangible Assets are stated at cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost including borrowing costs of bringing the asset to its working condition for its intended use and related pre-operative expenses are capitalized over the total project at the commencement of project/on start of commercial production. However, certain land and building are measured at revalued cost. Subsequent expenditures related to an item of tangible asset are added to its gross book value only if it increases the future benefit from the existing asset beyond its previously assessed standard of performance.
- (ii) Gain or loss arising on the sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the Statement of Profit & Loss in the year in which the asset is sold.

# Notes

## to the financial statements for the year ended March 31, 2016

- (iii) Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date. Advances given towards acquisition/construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under “Long-term loans and advances”.

### c) Intangible Assets

“Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. All expenditures, qualifying as Intangible Assets are amortized over estimated useful life.

### d) Depreciation / Amortisation

- i) Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management as per Schedule II to the Companies Act, 2013 and technical parameters. Depreciation for assets purchased / sold during the year is proportionately charged to Statement of Profit & Loss. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. Further, the Schedule II to the Companies Act, 2013 requires that useful life and depreciation for significant components of an asset should be determined separately. The identification of significant components is matter of technical judgement and is decided on case to case basis; wherever applicable. The Management estimates the useful lives for fixed assets as under:

Buildings	30-60 years
Plant and Machinery	15 years
Office Equipment	5 years
Computer Equipment	3-6 years
Furniture and Fixtures	10 years
Electrical Installations	10 years
Vehicles	8-10 years

- ii) Leasehold assets are amortised over the period of lease agreed upon in the lease agreement entered.

### e) Revenue/ Purchase Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria:

- i) Export sale is recognized on transfer of risks and rewards to the customer and on the basis of respective date of Airway Bill/ Bill of lading/ Forwarder Cargo Receipt.
- ii) Sales are shown as net of trade discount and include Freight & Insurance recovered from buyers as per the terms of sale.
- iii) Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate.
- iv) Dividend income is recognized when the right to receive is established.
- v) In case of High Sea Sales revenues are recognized on transfer of title of goods to the customer.
- vi) Sale of software/ SAP income is recognized at the delivery of complete module & patches (through reimbursement from group companies).
- vii) Income from job work is recognized on the basis of proportionate completion method. However, where job work income is subject to minimum assured profit, it is recognised based on the specific contract.
- viii) Commission income is recognized when the services are rendered.
- ix) Purchases are recognized upon receipt of such goods by the Company. Purchases of imported goods are recognized after completion of custom clearance formalities and upon receipt of such goods by the Company.

# Notes

## to the financial statements for the year ended March 31, 2016

### f) Foreign Currency Transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction.

**Transaction:** The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

**Translation :** Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The difference arising from the translation is recognised in the statement of profit and loss, except for the exchange difference arising on monetary items that qualify as hedging instruments in a cash flow hedge or hedge of a net investment in a non-integral foreign operation. In such cases the exchange difference is initially recognised in hedging reserve or Foreign Currency Translation Reserve (FCTR), respectively. Such exchange differences are subsequently recognised in the statement of profit and loss on occurrence of the underlying hedged transaction or on disposal of the investment, respectively. Further, foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR. When a foreign operation is disposed of, the relevant amount recognized in FCTR is transferred to the statement of profit and loss as part of the profit or loss on disposal.

### g) Investment and Financial Assets

The company has classified its investments as under:-

**Held for trading :** Trading securities are those (both debt & equity) that are bought and held principally for the purpose of selling them in near term. Such securities are valued at fair value and gain/loss is recognised in the Statement of Profit & Loss.

**Held to Maturity :** The investments are classified as held to maturity only if the company has the positive intent and ability to hold these securities to maturity. Such securities are held at historical cost.

**Available-for-sale financial assets :** Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity & debt instruments that are designated as available for sale and are initially recognized at their value. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with gains or loss recognised as a separate component of equity as "Investment Revaluation Reserve" until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. When the fair value of unlisted equity securities cannot be reliably measured because; firstly the variability in the range of reasonable fair value estimates is significant for that investment or, secondly the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. Such securities are stated at cost less any impairment.

**Fair value :** The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date.

### h) Derivative financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at cost on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the Statement of Profit & Loss.

For the purpose of hedge accounting, hedges are classified as:

**i) Fair value hedges:** A hedge of the exposure to changes in the fair value of recognized asset or liability or an unrecognized firm commitment (except for foreign risk); or identified portion of such asset, liability or firm commitment (except for foreign risk), or an identified portion of such asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss.

# Notes

## to the financial statements for the year ended March 31, 2016

**ii) Cash flow hedges:** A hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognized directly in the equity, while the ineffective portion is recognized in the Statement of Profit & Loss.

### i) Employee Benefits

Expense & Liabilities in respect of employee benefits are recorded in accordance with AS15 – Employee Benefits (Revised 2005) :

#### Short term Employee benefit

Short term employee benefits including short term compensated absences are recognised as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered. Terminal Benefits are recognized as an expense immediately.

#### Defined Contribution Plan

Contributions payable to recognized Provident Fund, Employee State Insurance scheme and Labour Welfare fund, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit & Loss, as they are incurred and when an employee renders the related service.

#### Defined Benefit Plan

The cost of providing defined benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefit become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

#### Other Long term Benefits

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognised immediately in the Statement of Profit and Loss.

### j) Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

### k) Leases

i) The Lease under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii) Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on accrual basis on straight line basis.

# Notes

## to the financial statements for the year ended March 31, 2016

- iii) Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately in the Statement of Profit and Loss.

### **l) Taxes On Income**

Tax expense comprises current tax and deferred tax.

#### **Current Tax**

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

#### **Deferred Tax**

Deferred tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

#### **Minimum Alternate Tax**

Alternate Tax (MAT) paid in the year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit entitlement". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### **m) Impairment of Assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### **n) Provision, Contingent Liabilities And Contingent Assets**

- (i) A provision is recognized when the Company has a present obligation as a result of past events, if it is probable are not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions(excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

# Notes

## to the financial statements for the year ended March 31, 2016

(ii) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statement.

(iii) Contingent assets are neither recognized nor disclosed in the financial statements.

### **o) Earning per Share (EPS)**

Indetermining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

i) Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

ii) For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares, if any are deemed converted as of the beginning of the year, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

### **p) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard -3 (AS-3) "Cash Flow Statement".

### **q) Cash and Cash equivalents**

Cash and cash equivalents comprise cash in hand, deposit with banks and other short term liquid investments/deposits. The Company considers all liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

### **r) Classification of Current/ Non Current Assets and Liabilities**

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non current classification of assets and liabilities.

# Notes

to the financial statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 3 : SHARE CAPITAL</b>	<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
<b>Authorised:</b>		
51,440,000 (March 31, 2015: 51,440,000) Equity Shares of ₹ 10/- each	514,400,000	514,400,000
10,000 (March 31, 2015: 10,000) 4% Non Cumulative Redeemable Preference Shares of ₹ 10/- each	100,000	100,000
3,256,000 (March 31, 2015: 3,256,000) 10.5% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	325,600,000	325,600,000
	<b><u>840,100,000</u></b>	<b><u>840,100,000</u></b>
<b>Issued, Subscribed &amp; Paid-up :</b>		
21,663,937 (March 31, 2015: 21,663,937) Equity Shares of ₹ 10/- each fully paid up	216,639,370	216,639,370
	<b><u>216,639,370</u></b>	<b><u>216,639,370</u></b>

## (a) Reconciliation Statement of Equity Share Capital

	March 31, 2016		March 31, 2015	
	No. of Shares	Amount in (₹)	No. of Shares	Amount in (₹)
Balance of Shares at the beginning of the year	21,663,937	216,639,370	21,663,937	216,639,370
Add:- Addition during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
Balance of Shares at the end of the year	<b><u>21,663,937</u></b>	<b><u>216,639,370</u></b>	<b><u>21,663,937</u></b>	<b><u>216,639,370</u></b>

## (b) Terms/rights attached to equity shares

The Company has only one class of equity shares having per value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. During the year, an amount of ₹ 2.50 per share was paid as interim dividend (March 31, 2015: Nil) and final dividend amounting to ₹ 0.50 per share (March 31, 2015: ₹ 2.25 per share) has been proposed for distribution to equity shareholders. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Details of shareholder's holding more than 5 percent shares in the Company

	March 31, 2016		March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid up				
Mrs. Payel Seth	4,413,635	20.37	9,849,872	45.47
Mr. Deepak Seth	1,544,499	7.13	1,544,499	7.13
Mr. Pulkit Seth	6,947,621	32.07	1,511,384	6.98
Mr. Pallak Seth	1,317,646	6.08	1,317,646	6.08

# Notes

to the financial statements for the year ended March 31, 2016

(d) For a period of 5 years immediately preceding the date of balance sheet, aggregate number and class of shares allotted as fully paid pursuant to Scheme of Amalgamation without payment being recovered in cash.

	March 31, 2016 (No. of Shares)	March 31, 2015 (No. of Shares)
Equity Share Capital (being shares issued to shareholders of Pearl Global Limited; subsidiary merged with the Company as per Scheme of Amalgamation during financial year 2011-12)	2,163,594	2,163,594

	(Amount in ₹)	
<b>NOTE 4 : RESERVES AND SURPLUS</b>	<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
<b>Security Premium</b>		
Balance at the beginning of the year	1,710,389,823	1,710,389,823
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>(A) 1,710,389,823</b>	<b>1,710,389,823</b>
<b>Hedging Reserve (Refer Note 31)</b>		
Balance at the beginning of the year	25,717,846	25,621,584
Add:- Addition during the year	192,673	96,262
Less:- Utilised during the year	(4,404,196)	-
Balance at the end of the year	<b>(B) 21,506,323</b>	<b>25,717,846</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	9,500,000	9,500,000
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>(C) 9,500,000</b>	<b>9,500,000</b>
<b>Revaluation Reserve</b>		
Balance at the beginning of the year	39,296,855	39,296,855
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>(D) 39,296,855</b>	<b>39,296,855</b>
<b>Amalgamation Reserve</b>		
Balance at the beginning of the year	62,594,738	62,594,738
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>(E) 62,594,738</b>	<b>62,594,738</b>
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	74,064,838	58,496,862
Add:- Addition during the year	7,584,347	15,567,976
Less:- Utilised during the year	(49,030,488)	-
Balance at the end of the year	<b>(F) 32,618,697</b>	<b>74,064,838</b>



# Notes

to the financial statements for the year ended March 31, 2016

## NOTE 4 : RESERVES AND SURPLUS

	As At March 31, 2016	As At March 31, 2015
<b>Investment Revaluation Reserve</b>		
Balance at the beginning of the year	24,124,235	4,281,754
Add:- Addition during the year	14,011,556	26,509,490
Less:- Utilised during the year	(17,502,675)	6,667,009
Balance at the end of the year	<b>(G) 20,633,116</b>	<b>24,124,235</b>
<b>General Reserve</b>		
Balance at the beginning of the year	420,436,050	420,436,050
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>(H) 420,436,050</b>	<b>420,436,050</b>
<b>Surplus / (Deficit) in the Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	296,270,176	268,434,595
Add:- Profit/(Loss) during the year	133,169,940	102,176,058
Less:- Appropriation during the year		
Interim Dividend on Equity Shares ₹ 2.50 per share (March 31, 2015: Nil) paid during the year	54,159,843	-
Final Dividend on Equity Shares ₹ 0.50 per share (March 31, 2015: ₹ 2.25 per share) proposed as at reporting date	10,831,969	48,743,858
Dividend Distribution Tax on Interim & Proposed Dividend	13,231,033	9,745,904
Less:- Depreciation adjustment as per Schedule II to the Companies Act, 2013 (March 31, 2015: Net of Deferred Tax of ₹ 8,161,881)	-	15,850,714
Balance at the end of the year	<b>(I) 351,217,272</b>	<b>296,270,176</b>
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G+H+I)</b>	<b>2,668,192,874</b>	<b>2,662,394,562</b>

(Amount in ₹)

## NOTE 5 : LONG TERM BORROWINGS

	Non Current		Current Maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Term Loans</b>				
From Banks (Secured)				
- Corporate Loan [Refer Note a(i) & a(ii)]	118,816,634	85,237,197	55,362,341	35,984,547
- Vehicle Loans [Refer Note a(iii)]	14,426,719	3,684,282	5,850,722	2,917,692
From Financial Institutions (Secured)				
- Vehicle Loans [Refer Note a(iii)]	12,316,542	17,578,591	5,068,061	4,830,001
	<b>145,559,895</b>	<b>106,500,070</b>	<b>66,281,124</b>	<b>43,732,240</b>
<b>The above amount includes -</b>				
Less:- Amount disclosed under "Other Current Liabilities" (Refer Note 7)	-	-	(66,281,124)	(43,732,240)
	<b>145,559,895</b>	<b>106,500,070</b>	<b>-</b>	<b>-</b>

# Notes

## to the financial statements for the year ended March 31, 2016

### a) The nature of Security for Secured Loans are :

- (i) Corporate Term Loan (Kotak Bank) is secured by charge on immovable property situated at Plot No. 446, Phase-V, Udyog Vihar Industrial Estate, Haryana along with present and future structures including all present and future development rights. The loan is also secured by personal guarantee of the Promoter Director.
- (ii) Corporate Term Loan (Andhra Bank) is secured by first and exclusive charge on the entire fixed assets including machineries, land and building at Chennai and Bangalore Plant of the Company. In addition, Equitable Mortgage of Land & Building located at Survey No- 262A in Aryapakkam Village at Kancheepuram measuring 4.8053 acre in Company's name.
- (iii) Vehicle loans are secured against hypothecation of respective vehicles.

	(Amount in ₹)			
b) Maturity profile of Secured Term Loans	FY 2016-17	FY 2017-18	FY 2018-19	Beyond FY 2018-19
Term loan from banks are repayable in monthly / quarterly / yearly installments.	55,362,341	64,193,553	30,311,209	24,311,872
Vehicle loans from banks are repayable in monthly installments	10,724,795	9,496,160	10,043,877	7,397,212

	(Amount in ₹)	
NOTE 6 : DEFERRED TAX LIABILITIES/ (ASSETS) (NET)	As At March 31, 2016	As At March 31, 2015
<b>Deferred Tax Liability</b>		
- Fixed Assets: Impact of difference between tax depreciation as per Income Tax Act and depreciation/amortization charged for financial reporting	81,544,015	84,922,376
- Others	1,079,407	2,905,785
<b>Gross Deferred Tax Liability</b>	<b>(A) 82,623,422</b>	<b>87,828,161</b>
<b>Deferred Tax Assets</b>		
- Unabsorbed losses to be carried forward as per Income Tax Act	57,574,731	58,812,728
- Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	34,566,559	27,042,190
<b>Gross Deferred Tax Assets</b>	<b>(B) 92,141,290</b>	<b>85,854,918</b>
<b>Net Deferred tax Liabilities/(Assets)</b>	<b>(A-B) (9,517,868)</b>	<b>1,973,244</b>

	(Amount in ₹)			
Note 7 : OTHER LIABILITIES	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Trade Payables</b>				
Amount due to Micro Small and Medium Enterprise (Refer note 'a' below for details of dues to micro and small enterprises)				
- Principal Amount	-	-	10,193,492	5,211,726

# Notes

to the financial statements for the year ended March 31, 2016

(Amount in ₹)				
<b>Note 7 : OTHER LIABILITIES</b>	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
- Interest Payable on Outstanding Amount	-	-	-	-
Amount Due to Others	-	-	913,628,577	757,416,081
<b>(A)</b>	<u>-</u>	<u>-</u>	<u>923,822,069</u>	<u>762,627,806</u>
<b>Other Current Liabilities</b>				
Security Deposit	141,451,652	141,446,652	-	-
Gratuity Payable	24,169,922	18,906,706	1,592,901	969,943
Current Maturities of Long-Term Borrowings (Refer Note 5)	-	-	66,281,124	43,732,240
Unpaid Dividend (Refer Note 'b' below)	-	-	1,951,961	641,267
Book Overdraft	-	-	38,342,885	91,486,857
<b>Others Payables</b>				
Statutory Liabilities	-	-	55,400,036	28,504,273
Advances from Customers	-	-	196,405	769,668
Interest Accrued But Not Due	-	-	1,335,063	2,326,660
Creditors for Capital Goods	-	12,897,702	33,732,060	20,094,454
Advance received against Sale of Land	240,000,000	240,000,000	-	-
Other Payables	-	-	439,656	6,551,334
<b>(B)</b>	<u>405,621,574</u>	<u>413,251,060</u>	<u>199,272,091</u>	<u>195,076,697</u>
<b>Total (A+B) (Refer note 'b' below)</b>	<u>405,621,574</u>	<u>413,251,060</u>	<u>1,123,094,160</u>	<u>957,704,504</u>

- a) As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007, the amount due to Micro & Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under :

(Amount in ₹)		
<b>Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006</b>	<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
(i) Principal amount due to micro and small enterprises	10,193,492	5,211,726
Interest due on above & the unpaid interest paid (Refer note 'c' below)	-	-
	<u>10,193,492</u>	<u>5,211,726</u>
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the payments made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil

# Notes

## to the financial statements for the year ended March 31, 2016

(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006

Nil

Nil

b) It does not include any amount due to be transferred to Investor Education and Protection Fund.

c) This information has been compiled to the extent such parties have been identified on the basis of information available with the Company as at March 31, 2016.

NOTE 8 : PROVISIONS	(Amount in ₹)			
	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Provisions for Employee Benefits</b>				
Gratuity (Refer Note 23)	9,782,978	6,282,905	120,245	95,944
Leave Encashment (Refer Note 23)	15,414,451	17,854,454	1,007,362	710,287
<b>Other Provisions</b>				
Provision for Tax [Net of Advance Tax ₹ 38,025,423 (March 31, 2015 Nil)]	-	-	31,898,749	-
Provision for Equalised Rent	5,116,070	2,380,902	56,424	1,331,246
Proposed Dividend	-	-	10,831,969	48,743,858
Provision for Tax on Proposed Dividend	-	-	2,205,172	9,745,904
	<b>30,313,499</b>	<b>26,518,261</b>	<b>46,119,920</b>	<b>60,627,240</b>

(Amount in ₹)

NOTE 9 : SHORT TERM BORROWINGS	As At	As At
	March 31, 2016	March 31, 2015
<b>Loan from Banks (Secured)</b>		
Working Capital Loans		
- Rupee Loan	1,081,708,183	533,037,591
- Foreign Currency Loan	814,524	504,143,035
<b>Loan and advances from Related Parties (Unsecured)</b>	-	748,876
	<b>1,082,522,707</b>	<b>1,037,929,502</b>
<b>The above amount includes</b>		
- Secured borrowings	1,082,522,707	1,037,180,626
- Unsecured borrowings	-	748,876

### a) In case of secured loans, the nature of securities are:

- First pari-passu charge on movable fixed assets and whole of current assets including stocks of raw material, semi finished goods, finished goods, book debts, consumable stores and spares.
- Mortgage of the properties situated at Plot No. H -597-603, RICCO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan and Plot No 16-17, Phase VI, Udyog Vihar, Gurgaon (Haryana).
- Fixed Deposit of ₹ 7,947,158 (March 31, 2015: ₹ 6,179,900).
- Personal Guarantee by the promoter director of the company.

# Notes

to the financial statements for the year ended March 31, 2016

## NOTE 10 : FIXED ASSETS (Amount in ₹)

Particulars	Gross Block			Depreciation / Amortization			Net Block		
	As At April 1, 2015	Addition during the year	Deduction during the year	As At March 31, 2016	For the year	Unplanned Depreciation as per Schedule II to Companies Act 2013	Written Back/ Adjustments	As At March 31, 2016	As At March 31, 2015
<b>A. Tangible Assets</b>									
Leasehold Land	21,033,523	-	-	21,033,523	589,204	-	-	4,999,597	16,623,130
Freehold Land	465,505,169	-	-	465,505,169	-	-	-	-	465,505,169
Lease hold improvements	2,658,994	393,724	-	3,052,718	345,557	-	-	385,074	2,667,644
Buildings	876,414,703	1,206,529	-	877,621,232	20,785,987	-	-	167,205,223	710,416,009
Plant and Equipment	724,199,680	82,087,588	26,894,478	779,392,790	52,050,922	-	13,414,439	422,268,448	357,124,342
Furniture and fixtures	105,616,775	10,234,566	97,005	115,754,336	11,813,967	-	22,715	69,085,911	48,322,116
Vehicles	85,557,857	24,952,570	13,100,479	97,409,948	10,376,638	-	7,562,989	26,080,243	71,329,705
<b>Sub Total</b>	<b>2,280,986,700</b>	<b>118,874,977</b>	<b>40,091,962</b>	<b>2,359,769,716</b>	<b>95,962,276</b>	<b>-</b>	<b>21,000,144</b>	<b>690,024,495</b>	<b>1,669,745,221</b>
<b>B. Intangible Assets</b>									
Computer software	104,148,708	3,064,235	46,245	107,166,698	4,194,723	-	27,200	99,124,465	8,042,233
<b>Sub Total</b>	<b>104,148,708</b>	<b>3,064,235</b>	<b>46,245</b>	<b>107,166,698</b>	<b>4,194,723</b>	<b>-</b>	<b>27,200</b>	<b>99,124,465</b>	<b>8,042,233</b>
<b>C. Capital Work in Progress</b>									
CWIP	2,373,988	37,810,956	1,675,811	38,509,133	-	-	-	-	38,509,133
<b>Sub Total</b>	<b>2,373,988</b>	<b>37,810,956</b>	<b>1,675,811</b>	<b>38,509,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,509,133</b>
<b>Grand Total (A + B + C)</b>	<b>2,387,509,396</b>	<b>159,750,168</b>	<b>41,814,017</b>	<b>2,505,445,547</b>	<b>100,156,999</b>	<b>-</b>	<b>21,027,344</b>	<b>789,148,960</b>	<b>1,716,296,587</b>
<b>Previous Year</b>	<b>2,171,533,238</b>	<b>423,874,993</b>	<b>207,898,835</b>	<b>2,387,509,396</b>	<b>99,490,034</b>	<b>24,012,595</b>	<b>7,061,403</b>	<b>710,019,305</b>	<b>1,677,490,091</b>

a) The breakup of Capital Work in Progress is as under:

Particulars	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
CWIP- Pre-operative Expenses	477,267	285,815
CWIP- Building	34,487,101	2,088,173
CWIP- Furniture & Fixture	144,115	-
CWIP- SAP	3,400,650	-
<b>Total</b>	<b>38,509,133</b>	<b>2,373,988</b>

## Notes

### to the financial statements for the year ended March 31, 2016

- b) In the earlier years, the company had initiated the process of converting its leasehold land (situated at Plot A-3, Naraina, New Delhi) into freehold land. However, the deed is yet to be transferred in the name of the Company as at March 31, 2016.
- c) The Opening balance of land includes ₹ 45,229,131 on account of revaluation done on 31.03.2002.
- d) The Opening balance of building includes ₹ 5,932,276 on account of reduction in revaluation done on 31.03.2002.
- e) The Cost of CWIP-Building Include ₹ 993,055 (March 31, 2015 : Nil) being borrowing cost capitalised in accordance with Accounting Standard 16 (AS-16) on "Borrowing Cost".
- f) The above assets includes Gross Block of Land of ₹ 15,954,319 (March 31, 2015 : ₹ 15,954,319) & Gross Block of Building of ₹ 23,434,599 (March 31, 2015 : ₹ 23,434,599) situated at Narshingpur, Tehsil District Gurgaon (Haryana) for which the Company has executed a construction project agreement with DLF Retail Developers Limited on November 30th 2007. However, as certified by the Management, the work has not started during the financial year 2015-16 due to pending receipt of license from the concerned authority.
- g) Gross Investment on Leased Assets is given as under :

Particulars	(Amount in ₹)	
	As At March 31, 2016	As At March 31, 2015
Gross Investment on leased assets	667,340,028	645,630,852
Accumulated depreciation on lease assets	49,031,481	30,084,764
Depreciation charged during the year	12,209,038	11,064,796

NOTE 11 : NON CURRENT INVESTMENT	(Amount in ₹)	
	As At Mar 31, 2016	As At March 31, 2015
<b>Trade Investments (Valued at Cost, unless stated otherwise)</b>		
<b>Investments in Equity Instruments in Subsidiaries- (Unquoted)</b>		
Pearl Global Far East Limited, Hong Kong		
2,335,000 (March 31, 2015: 535,000) Equity Shares of USD 1/- Each fully paid up	145,875,434	25,337,434
Norp Knit Industries Limited, Bangladesh		
3,381,211 (March 31, 2015: 3,381,211) Equity Shares of Taka 100 Each fully paid up	220,163,592	220,163,592
Lerros Fashions India Limited, India (Refer Note 'c' below)		
27,639,145 (March 31, 2015: 16,483,487) Equity Shares of ₹ 10 each fully paid up	164,834,870	164,834,870

# Notes

## to the financial statements for the year ended March 31, 2016

Pearl Global (HK) Limited, Hong Kong		
4,890,000 (March 31, 2015: 1,610,000) Equity Shares of USD 1 each fully paid up	317,891,325	97,050,075
Pixel Industries Limited, India		
50,000 (March 31, 2015: 50,000) Equity Shares of ₹ 10/- each fully paid up	500,000	500,000
<b>Investment in Preference Share in Subsidiary Company- (Unquoted)</b>		
Lerros Fashions India Limited, India		
3,000,000 (March 31, 2015: 3,000,000) Preference Shares of ₹ 10 each fully paid up	30,000,000	30,000,000
	<b>(A)</b>	<b><u>879,265,221</u></b>
		<b><u>537,885,971</u></b>
<b>Non-Trade Investments (Valued at Cost, unless stated otherwise)</b>		
Investments in Government securities		
- National Saving Certificate (NSC) (Refer Note 'd' below)	4,000	4,000
- Gold Sovereign Bond- 22 units of 2 gram each issued by Reserve Bank of India	115,664	-
	<b>(B)</b>	<b><u>119,664</u></b>
		<b><u>4,000</u></b>
<b>Trade Investments in Equity Instruments in Others- Quoted</b>		
PDS Multinational Fashions Limited, India		
50,000 (March 31, 2015: 50,000) Equity Shares of ₹ 10/- each fully paid up	500,000	500,000
	<b>(C)</b>	<b><u>500,000</u></b>
		<b><u>500,000</u></b>
<b>Total</b>	<b>(A+B+C)</b>	<b><u>879,884,885</u></b>
		<b><u>538,389,971</u></b>

- a) Aggregate book value of quoted investment is ₹ 500,000 (March 31, 2015: ₹ 500,000)  
 Aggregate market value of quoted investment is ₹ 9,055,000 (March 31, 2015: ₹ 7,600,000)  
 Aggregate amount of unquoted investment is ₹ 879,384,885 (March 31, 2015: ₹ 537,889,971)
- b) During the year, the Company has been allotted 11,155,658 shares of Lerros Fashions India Limited as per Share Transfer Agreement between Lerros Fashions India Limited and Lerros Moden GmbH, Mrs. Payel Seth and Mr. Pulkit Seth; according to which the shares have been transferred at Nil consideration.
- c) The National Saving Certificate(s) are pledged with Sales Tax Authorities

# Notes

to the financial statements for the year ended March 31, 2016

(Amount in ₹)

NOTE 12 : LOANS AND ADVANCES	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Unsecured, Considered Good)				
<b>Capital Advances</b>	29,276,621	2,322,551	-	-
<b>(Refer Note 'a' below)</b>	<b>(A) 29,276,621</b>	<b>2,322,551</b>	-	-
<b>Security Deposits</b>	54,950,886	51,658,623	-	-
	<b>(B) 54,950,886</b>	<b>51,658,623</b>	-	-
<b>Advances Recoverable in Cash &amp; kind</b>	-	-	4,038,054	-
	<b>(C) -</b>	<b>-</b>	<b>4,038,054</b>	<b>-</b>
<b>Loan and Advances to Related Parties</b>	169,273,345	347,543,887	74,464,833	46,060,901
<b>(Refer Note No 29)</b>	<b>(D) 169,273,345</b>	<b>347,543,887</b>	<b>74,464,833</b>	<b>46,060,901</b>
<b>Other Loans and Advances</b>				
Advance Tax [Net of Provision of ₹ 82,124,673 (March 31,2015 ₹ 90,555,135)]	69,591,424	60,826,379	-	-
MAT Credit Entitlement	-	25,158,861	-	-
Balances with Government Authorities	29,531,188	26,113,341	-	-
Prepaid Expenses	243,928	1,598,837	12,465,608	14,685,971
Advance to Suppliers	-	-	34,608,474	56,936,259
Loans to Employees	-	-	6,049,400	6,123,797
Others	230,445	10,783,515	27,943,950	35,555,487
	<b>(E) 99,596,985</b>	<b>124,480,933</b>	<b>81,067,432</b>	<b>113,301,514</b>
<b>Total (A+B+C+D+E)</b>	<b>353,097,837</b>	<b>526,005,994</b>	<b>159,570,319</b>	<b>159,362,415</b>
			<b>As At March 31, 2016</b>	<b>As At March 31, 2015</b>
a) Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (Net of Capital Advances)			88,434,642	11,870,756
			<b>88,434,642</b>	<b>11,870,756</b>



# Notes

to the financial statements for the year ended March 31, 2016

		(Amount in ₹)			
<b>NOTE 13 : TRADE RECEIVABLES</b>		Non Current		Current	
(Unsecured, considered good unless stated otherwise)		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Outstanding for the period exceeding six months from the date they are due for payment</b>					
Unsecured, considered Good		-	-	1,500,918	20,938,330
Unsecured, considered Doubtful				4,235,104	9,370,065
				5,736,022	30,308,395
Less: Provision for Doubtful Receivables		-	-	(4,235,104)	(9,370,065)
<b>(A)</b>		-	-	<b>1,500,918</b>	<b>20,938,330</b>
<b>Other receivables</b>					
Unsecured - Considered Good (Refer Note 'a' below)		-	-	538,666,866	502,429,716
<b>(B)</b>		-	-	<b>538,666,866</b>	<b>502,429,716</b>
<b>TOTAL (A+B)</b>		-	-	<b>540,167,784</b>	<b>523,368,046</b>

  

		(Amount in ₹)	
		As At March 31, 2016	As At March 31, 2015
<b>Note:</b>			
a) This amount includes amount due from related parties		<b>21,478,964</b>	<b>61,512,297</b>

		(Amount in ₹)			
<b>NOTE 14 : OTHER ASSETS</b>		Non Current		Current	
(Unsecured, considered good unless stated otherwise)		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Non Current Bank Balances</b>					
- Fixed Deposit with banks (Refer Note 17)		18,738,856	29,575,825	-	-
<b>(A)</b>		<b>18,738,856</b>	<b>29,575,825</b>	-	-
<b>Others</b>					
Interest accrued but not due on					
- Fixed Deposits		3,559,827	3,585,231	5,784,038	4,694,553
- Loan from related parties		17,288,340	46,204,231	1,353,698	44,383

# Notes

## to the financial statements for the year ended March 31, 2016

Interest accrued and due <b>(Refer Note 'a' below)</b>	-	-	-	13,427,663
Export Incentive Receivable	-	-	177,772,142	267,678,304
Others			514,055	6,238,998
	<b>(B)</b>	<b>20,848,167</b>	<b>49,789,462</b>	<b>185,423,933</b>
<b>TOTAL</b>	<b>(A+B)</b>	<b>39,587,023</b>	<b>79,365,287</b>	<b>292,083,901</b>

- a) This amount due represents interest accrued and due on loan from related party as at March 31, 2015. However, the same have been received and there is no amount outstanding as at March 31, 2016.

(Amount in ₹)

<b>NOTE 15 : CURRENT INVESTMENT</b>	<b>As At Mar 31, 2016</b>	<b>As At March 31, 2015</b>
<b>Quoted Investment in Mutual Fund (Measured at fair value)</b>		
BSL FTP Corporate Bond 1,000,000 units Face Value of ₹ 10 per unit (March 31, 2015: 1,000,000 units of Face Value of ₹ 10 per unit)	12,466,400	11,412,800
HDFC FMP Regular Growth 800,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 800,000 units of Face Value of ₹ 10 per unit)	10,173,120	9,382,240
HSBC Fixed Term Series 109 Super Growth 1,500,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 1,500,000 units of Face Value ₹ 10 per unit)	17,630,250	16,351,200
HDFC Cash Management 215,802.941 Units of Face Value of ₹ 10 per unit (March 31, 2015: 268,356.372 units of Face Value of ₹ 10 per unit)	5,620,329	7,919,438
IDBI Liquid Fund Nil (March 31, 2015: 1,750,000 units of Face Value of ₹ 10 per unit)	-	19,214,825
IDBI Liquid Fund Growth Nil (March 31, 2015: 2313.365 units of Face Value of ₹ 1,000 per unit)	-	3,462,706
Birla Sunlife Interval Income 400,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 400,000 units of Face Value of ₹ 10 per unit)	5,039,120	4,663,520
Birla Sunlife Fixed Term Plan 2,000,000 Units of Face Value of ₹ 10 per unit (March 31, 2015: 2,000,000 units of Face Value of ₹ 10 per unit)	23,624,600	21,811,800
JM Arbitrage Fund Nil (March 31, 2015: 1,484,744.59 Units of Face Value of ₹ 10 per unit)	-	15,586,106
ICICI Prudential Flexible Income	-	1,956,946

# Notes

to the financial statements for the year ended March 31, 2016

<b>NOTE 15 : CURRENT INVESTMENT</b>	<b>As At Mar 31, 2016</b>	<b>As At March 31, 2015</b>
Nil (March 31, 2015: 7,438.01 Units of Face Value of ₹ 100 per unit )		
Franklin India Corporate Bond Opportunity Fund- Growth 702,286.65 Units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	10,573,838	-
Edelweiss Arbitrage Fund Growth 2,753,303.97 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	31,550,936	-
Reliance -Dual Advantage Fixed Tenure Fund 3,000,000 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	34,496,700	-
ICICI Pru Equity Arbitrage Fund Regular 665,509.70 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	13,590,307	-
UTI Short Term Income Fund 924,908.95 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	16,802,543	-
ICICI Pru Corporate Bond Fund 462,943.67 units of Face Value of ₹ 10 per unit (March 31, 2015: Nil)	10,664,972	-
	<b><u>192,233,116</u></b>	<b><u>111,761,581</u></b>
Aggregate book value of quoted investment is ₹ 192,233,116 (March 31, 2015: ₹ 111,761,581)		
Aggregate market value of quoted investment is ₹ 192,233,116 (March 31, 2015: ₹ 111,761,581)		
Aggregate amount of unquoted investment is ₹ Nil (March 31, 2015: ₹ Nil)		
		<b>(Amount in ₹)</b>
<b>NOTE 16 : INVENTORIES</b>	<b>As at Mar 31, 2016</b>	<b>As at March 31, 2015</b>
<b>(as taken, valued and certified by the Management)</b>		
Raw Materials	455,920,082	493,825,504
Goods In Transit (Raw Material)	14,950,511	3,129,933
Work In Progress	319,653,690	243,768,785
Finished Goods	261,210,926	376,241,196
Stores Spares & Others	26,271,802	21,680,379
	<b><u>1,078,007,011</u></b>	<b><u>1,138,645,797</u></b>

# Notes

to the financial statements for the year ended March 31, 2016

	(Amount in ₹)			
	Non Current		Current	
<b>NOTE 17 : CASH AND BANK BALANCES</b>	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Cash and Cash Equivalents</b>				
Balance with Banks:-				
In EEFC Account(s)	-	-	230,302,200	100,201,742
In Current Account(s)	-	-	101,564,859	50,766,808
Deposits with original maturity of less than 3 months	-	-	-	60,000,000
In Unpaid Dividend Account	-	-	1,951,961	641,267
Cash on hand	-	-	3,440,697	2,762,997
Foreign Currency on hand	-	-	259,308	546,802
Cheque/drafts on hand	-	-	4,018,411	7,155,652
<b>(A)</b>	<u>-</u>	<u>-</u>	<u><b>341,537,436</b></u>	<u><b>222,075,268</b></u>
<b>Other Balances</b>				
Balance with Banks (Considered Good):				
Deposits with original maturity of more than 12 months	18,738,856	29,575,825	202,824,231	2,373,573
Deposits with original maturity for more than 3 months but less than 12 months	-	-	19,915,969	212,615,889
	<u>18,738,856</u>	<u>29,575,825</u>	<u>222,740,200</u>	<u>214,989,462</u>
Balance with Bank (Considered Doubtful)	-	-	2,500	2,500
Less: Provision for Doubtful Deposit	-	-	(2,500)	(2,500)
	<u>18,738,856</u>	<u>29,575,825</u>	<u>222,740,200</u>	<u>214,989,462</u>
Amount disclosed under "Other Non-current asset" <b>(Refer Note 14)</b>	(18,738,856)	(29,575,825)	-	-
<b>(B)</b>	<u>-</u>	<u>-</u>	<u><b>222,740,200</b></u>	<u><b>214,989,462</b></u>
<b>Total (A+B)</b>	<u>-</u>	<u>-</u>	<u><b>564,277,636</b></u>	<u><b>437,064,730</b></u>

- a) Out of the total fixed deposits held in the name of the Company, the fixed deposits with carrying value of ₹ 98,504,336 (March 31, 2015: ₹ 98,691,502) are pledged as security with various Banks.

# Notes

to the financial statements for the year ended March 31, 2016

	(Amount in ₹)	
	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>NOTE 18 : REVENUE FROM OPERATIONS</b>		
Sale of Product (Refer Note 'a' below)	7,215,750,390	5,796,871,881
Other Operating Income (Refer Note 'b' below)	460,931,770	439,957,644
Job Receipts	5,167,464	3,090,561
	<b>7,681,849,624</b>	<b>6,239,920,086</b>
<b>a) Details of Products Sold</b>		
Manufacturing - Garments	4,475,487,765	3,912,565,784
Traded - Garments & Accessories	2,533,769,846	1,793,653,576
Traded - Fabric	206,492,780	90,652,521
	<b>7,215,750,390</b>	<b>5,796,871,881</b>
<b>b) Other Operating Income</b>		
Claims Received	24,209,443	39,632,210
Rejection / Left Over Sale	2,358,076	12,529,431
Export Incentives	434,017,806	383,097,023
Export Sample Sale	346,445	4,698,980
	<b>460,931,770</b>	<b>439,957,644</b>
(Amount in ₹)		
	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>NOTE 19 : OTHER INCOME</b>		
Interest Income (Refer Note 'a' below)	47,816,941	48,327,433
IT/ SAP Income	12,914,118	17,797,921
Rental Income	98,378,335	78,947,579
Profit on sale of current investments-mutual fund	25,943,725	-
Foreign Exchange Fluctuation	131,253,520	126,521,732
Provision for Doubtful Receivables Written Back	5,887,690	-
Liability Written Back	2,126,009	4,369,370
Miscellaneous Income	2,476,922	2,272,951
	<b>326,797,260</b>	<b>278,236,986</b>
<b>a) Interest Income</b>		
On Fixed Deposit with Banks	21,805,905	22,046,330
On Loan and Advances	20,825,109	26,281,103
On Income Tax Refund	5,185,926	-
	<b>47,816,941</b>	<b>48,327,433</b>
<b>b) Earnings in Foreign Currency</b>		
Export of Goods- FOB basis	6,971,317,985	5,751,268,124
Interest Income on Loan and Advances	18,320,275	19,965,453
IT/ SAP Income	12,914,118	17,797,921
	<b>7,002,552,378</b>	<b>5,789,031,497</b>

# Notes

to the financial statements for the year ended March 31, 2016

	(Amount in ₹)			
<b>NOTE 20 : COST OF RAW MATERIAL CONSUMED</b>	<b>For the Year Ended March 31, 2016</b>	<b>For the Year Ended March 31, 2015</b>		
<b>Raw Material</b>				
Balance at beginning of the year	493,825,504	429,296,084		
Add:- Purchase during the year	2,188,142,806	1,902,440,820		
Less:- Cost of Goods Sold	<b>182,212,983</b>	<b>81,587,269</b>		
	2,499,755,326	2,250,149,636		
Less:- Balance at the end of the year	455,920,082	493,825,504		
	<b>2,043,835,244</b>	<b>1,756,324,132</b>		
<b>a) Detail of Raw Materials Consumed</b>				
- Fabric	1,597,653,964	1,271,672,431		
- Others	446,181,280	484,651,701		
	<b>2,043,835,244</b>	<b>1,756,324,132</b>		
(Amount in ₹)				
<b>b) Details of Imported and Indigenous Raw Material Consumed</b>	%	<b>For the Year Ended March 31, 2016</b>	%	<b>For the Year Ended March 31, 2015</b>
- Indigenous	85.49%	1,747,320,145	84.92%	1,491,475,235
- Imported	14.51%	296,515,099	15.08%	264,848,897
		<b>2,043,835,244</b>		<b>1,756,324,132</b>
<b>c) CIF Value Of Imports</b>				
- Raw Material		293,547,126		253,990,703
- Capital Goods		33,514,473		48,658,058
- Garments		2,269,865,868		1,593,401,215
		<b>2,596,927,467</b>		<b>1,896,049,976</b>
(Amount in ₹)				
<b>NOTE 21 : PURCHASE OF STOCK IN TRADE</b>	<b>For the Year Ended March 31, 2016</b>		<b>For the Year Ended March 31, 2015</b>	
Finished Goods Purchased	2,452,943,152		1,690,044,523	
	<b>2,452,943,152</b>		<b>1,690,044,523</b>	
<b>a) Details of Purchases</b>				
- Readymade Garments	2,270,730,168		1,608,457,254	
- Fabric, Accessories & Others	182,212,983		81,587,269	
	<b>2,452,943,152</b>		<b>1,690,044,523</b>	

# Notes

to the financial statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 22 : INCREASE/(DECREASE) IN INVENTORIES</b>	<b>For the Year Ended March 31, 2016</b>	<b>For the Year Ended March 31, 2015</b>
<b>Inventories at the beginning of the year</b>		
- Work-in-Progress	243,768,785	146,429,937
- Finished goods	376,241,196	511,575,741
<b>(A)</b>	<b>620,009,981</b>	<b>658,005,678</b>
<b>Inventories at the end of the year</b>		
- Work-in-Progress	319,653,690	243,768,785
- Finished goods	261,210,926	376,241,196
<b>(B)</b>	<b>580,864,616</b>	<b>620,009,981</b>
<b>(Increase)/Decrease in Inventories</b>	<b>(A-B)</b>	<b>(A-B)</b>
	<b>39,145,365</b>	<b>37,995,697</b>
<b>a) Details of Inventories</b>		
<b>Work in Progress</b>		
Garments	319,653,690	243,768,785
<b>Finished Goods</b>		
Garments	261,210,926	376,241,196

	(Amount in ₹)	
<b>NOTE 23 : EMPLOYEE BENEFIT EXPENSE</b>	<b>For the Year Ended March 31, 2016</b>	<b>For the Year Ended March 31, 2015</b>
Salaries, Wages & Bonus	696,570,636	538,610,875
Gratuity ( <b>Refer Note below</b> )	23,348,245	6,419,073
Leave Encashment ( <b>Refer Note below</b> )	6,978,808	13,924,611
Contribution to Provident and Other funds	55,129,626	39,534,553
Staff Training & Welfare Expenses	16,370,473	13,026,770
	<b>798,397,788</b>	<b>611,515,882</b>

(I) **The Company has classified the various benefits provided to employees as under:-**

**(i) Defined Contribution Plan**

The company makes contribution towards Provident Fund (PF), Employee State Insurance (ESI) and Labour Welfare fund as defined contribution retirement plan for the qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company contributes a specified percentage of payroll cost to the said schemes to fund the benefits. Similarly, contribution is made at a specified percentage in case of Employee State Insurance and specific sum in the case of Labour Welfare Fund.

During the year, the Company recognized ₹ 40,130,096 (March 31, 2015: ₹ 28,118,865) for PF contribution, ₹ 12,951,231 (March 31, 2015: ₹ 9,374,508) for ESI & ₹ 2,048,299 (March 31, 2015: ₹ 2,041,180) for Labour welfare

# Notes

## to the financial statements for the year ended March 31, 2016

fund in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

### (ii) Defined Benefit Plan: It includes:

- Gratuity in case of Gurgaon Division (Funded & maintained by Life Insurance Corporation of India)
- Gratuity in case of Chennai Division & Bangalore Division (Unfunded)
- Leave encashment/Compensated absence (Unfunded)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation is carried out in respect of aforesaid defined benefit plans and other long term benefits based on the assumption given in the table with subheading 'e' below. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation at year end. The obligation for Leave Encashment is recognized in the same manner as of Gratuity.

(II) The details of Actuarial Valuation Certificate(s) are as under:-

### (a) Reconciliation of opening and closing balances of Defined Benefit Obligations

(Amount in ₹)

Particulars	As At March 31, 2016			As At March 31, 2015		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Defined benefit obligations at beginning of the year	29,921,528	6,378,849	18,564,741	28,494,107	4,470,333	12,826,854
Adjustment in opening obligation	-	-	(405,329)	-	-	-
Interest Cost	2,393,722	510,308	1,452,753	2,279,529	379,978	1,090,283
Service Cost	5,887,142	4,614,056	5,559,330	4,003,484	2,780,104	8,103,462
Benefits Paid	(7,076,646)	(1,311,688)	(8,716,407)	(2,874,137)	(742,212)	(8,186,724)
Actuarial (Gain) / Loss on obligations	11,109,434	(288,302)	(33,275)	(1,981,455)	(509,354)	4,730,866
Defined benefit obligations at end of the year	42,235,180	9,903,223	16,421,813	29,921,528	6,378,849	18,564,741

### (b) Reconciliation of opening and closing balances of Fair Value of Plan Assets

(Amount in ₹)

Particulars	As At March 31, 2016			As At March 31, 2015		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Fair value of plan assets at beginning of the year	10,044,879	N.A	N.A	11,477,707	N.A	N.A
Difference amount in Opening Fund	2,550,405					
Expected Return on plan assets	1,070,599	-	-	1,032,994	-	-
Contributions	10,075,604	-	-	408,315	-	-
Benefits Paid	(7,076,646)	-	-	(2,874,137)	-	-
Actuarial (gain)/loss on plan assets	(192,484)	-	-	-	-	-
Fair value of plan assets at the end of the year	16,472,357	N.A	N.A	10,044,879	N.A	N.A



# Notes

## to the financial statements for the year ended March 31, 2016

### (c) Reconciliation of Fair Value of Assets and Obligations

(Amount in ₹)

Particulars	As At March 31, 2016			As At March 31, 2015		
	Gratuity	Gratuity	Earned Leave	Gratuity	Gratuity	Earned Leave
	(Funded)	(Unfunded)	(Unfunded)	(Funded)	(Unfunded)	(Unfunded)
Fair Value of plan assets as at the end of the year	16,472,357	-	-	10,044,879	-	-
Present Value of Obligation	42,235,180	9,903,223	16,421,813	29,921,528	6,378,849	18,564,741
Net assets/(liability) recognized in the balance sheet	(25,762,823)	(9,903,223)	(16,421,813)	(19,876,649)	(6,378,849)	(18,564,741)

Particulars	As At March 31, 2014			As At March 31, 2013		
	Gratuity	Gratuity	Earned Leave	Gratuity	Gratuity	Earned Leave
	(Funded)	(Unfunded)	(Unfunded)	(Funded)	(Unfunded)	(Unfunded)
Fair Value of plan assets as at the end of the year	11,477,707	-	-	10,459,499	-	--
Present Value of Obligation	28,494,107	4,470,333	12,826,854	25,093,886	5,795,023	12,950,733
Net assets/(liability) recognized in the balance sheet	(17,016,400)	(4,470,333)	(12,826,854)	(14,634,387)	(5,795,023)	(12,950,733)

Particulars	As At March 31, 2012		
	Gratuity	Gratuity	Earned Leave
	(Funded)	(Unfunded)	(Unfunded)
Fair Value of plan assets as at the end of the year	9,591,222	-	-
Present Value of Obligation	23,616,022	4,818,213	11,882,544
Net assets/(liability) recognized in the balance sheet	(14,024,800)	(4,818,213)	(11,882,544)

### (d) Expense recognized in the Statement of Profit and Loss

(Amount in ₹)

Particulars	As At March 31, 2016			As At March 31, 2015		
	Gratuity	Gratuity	Earned Leave	Gratuity	Gratuity	Earned Leave
	(Funded)	(Unfunded)	(Unfunded)	(Funded)	(Unfunded)	(Unfunded)
Current Service Cost	5,887,142	4,614,056	5,559,330	4,503,265	2,780,104	8,103,462
Interest Cost	2,393,722	510,308	1,452,753	2,279,529	379,978	1,090,283
Past Service Cost	-	--	-	-	-	-
Expected return on plan assets	(1,070,599)	--	-	(1,032,994)	-	-
Actuarial (Gain)/Loss	11,301,918	(288,302)	(33,275)	(1,981,455)	(509,354)	4,730,866
Net Cost	18,512,183	4,836,062	6,978,808	3,768,345	2,650,728	13,924,611

# Notes

to the financial statements for the year ended March 31, 2016

## (e) Actuarial Assumptions

Particulars	(Amount in ₹)					
	As At March 31, 2016			As At March 31, 2015		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.50%
Future Increase in Compensation	6.00%	5.50%	5.50%	6.00%	5.50%	6% / 5.5%
In Service Mortality	IALM2006-08	IALM2006-08	IALM2006-08	IALM2006-08	IALM2006-08	IALM2006-08
Retirement age	58 Years	58 Years	58 Years	58 Years	58 Years	58 Years
Withdrawal rates:-						
- Upto 30 years	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
- Upto 44 years	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
- Above 44 years	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

- Actuarial valuation is based on escalation in future salary on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Expected rate of return on the plan assets is based on the expectation of the average long term rate of the return expected on the investments of the fund during the estimated term of the obligations.

NOTE 24 : FINANCE COSTS	(Amount in ₹)	
	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Interest Expense	89,577,491	115,126,126
Other Borrowing Costs	43,188,827	47,861,978
Interest on Directors Loan	28,834	397,819
Interest on Delayed Payment of Taxes	2,289,903	861,308
	<b>135,085,056</b>	<b>164,247,231</b>

NOTE 25 : OTHER EXPENSES	(Amount in ₹)	
	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Manufacturing Expenses	1,392,618,097	1,268,103,427
Consumption of Stores & Spare Parts	31,343,772	26,129,936
Power & Fuel	118,769,387	118,528,506
Rent	84,137,918	66,437,549
Rates & Taxes	19,199,045	19,870,027
Travelling & Conveyance	76,508,092	62,864,482
Freight Outward and Clearing Expenses	183,910,074	119,483,667
Repairs & Maintenance		
- Buildings	217,979	1,918,840
- Plant & Machinery	15,249,367	16,614,055

# Notes

## to the financial statements for the year ended March 31, 2016

- Others	28,965,583	28,458,687
Insurance	15,639,699	12,939,017
Legal & Professional Charges	43,269,846	32,212,295
Security Charges	23,044,242	18,285,181
Bank Charges	60,030,474	42,090,492
Claim to Buyers	52,248,058	78,442,547
Payment to the Auditors (Refer note 'a' below)	2,389,071	2,564,254
Loss on Sale of Non- Trade Investments	-	6,667,009
Provision for Doubtful Trade Receivables	752,729	-
Corporate Social Responsibility (Refer Note No. 32)	1,100,000	400,000
Miscellaneous Expenses	90,994,983	82,155,683
	<b>2,240,388,417</b>	<b>2,004,165,656</b>

### a) Payment to Auditors

#### As Auditor:

Audit Fees	1,200,000	1,200,000
Tax Audit Fees	300,000	275,000
Reimbursement of Expenses	258,197	229,678
Other Matters	328,810	577,500
Service Tax	302,064	282,076
	<b>2,389,071</b>	<b>2,564,254</b>

### b) Expenditures in Foreign Currency

Foreign Travelling	5,780,248	4,127,438
EDI Expenses	1,606,996	1,966,815
Testing Charges & Others	19,746,763	11,089,016
	<b>27,134,006</b>	<b>17,183,269</b>

c) Details of Imported and Indigenous Stores & Spare Parts Consumed	For the Year Ended March 31, 2016		For the Year Ended March 31, 2015	
	%	Amount( in ₹ )	%	Amount( in ₹ )
- Indigenous	100.00%	31,343,772	100.00%	26,129,936
- Imported	0.00%	-	0.00%	-
		<b>31,343,772</b>		<b>26,129,936</b>

### d) Prior Period Expenditure

Processing & Subcontracting	237,034	242,953
Rates & Taxes	1,120,790	-
Travelling and Conveyance	318,411	-
Others	283,811	354,723
	<b>1,960,045</b>	<b>597,676</b>

# Notes

## to the financial statements for the year ended March 31, 2016

	(Amount in ₹)	
<b>NOTE 26 : EXCEPTIONAL ITEMS</b>	<b>For the Year Ended March 31, 2016</b>	<b>For the Year Ended March 31, 2015</b>
Loss on Sale of Fixed Assets	11,444,133	2,647,862
	<b>11,444,133</b>	<b>2,647,862</b>

	(Amount in ₹)	
<b>NOTE 27 : EARNING PER SHARE (EPS)</b>	<b>For the Year Ended March 31, 2016</b>	<b>For the Year Ended March 31, 2015</b>
Profit attributable to the equity shareholders <b>(A)</b>	133,169,940	102,176,058
Number/Weighted Average number of equity shares outstanding at the end of the year <b>(B)</b>	21,663,937	21,663,937
Nominal value of Equity shares	10	10
Basic/Diluted Earning per share <b>(A/B)</b>	<b>6.15</b>	<b>4.72</b>

### NOTE 28: CONTINGENT LIABILITIES AND COMMITMENTS

#### i) Corporate Guarantee given by the Company (as per Section 186(4) of the Companies Act 2013)

- To Canara Bank, Hong Kong Branch, for securing various credit facilities to its subsidiary Norwest Industries Limited for Nil (March 31, 2015: USD 15,000,000 equivalent to INR 938,850,000)
  - To ICICI Bank Limited, Hong Kong Branch, for securing the derivative limits to its step down subsidiary Norwest Industries Limited for Nil (March 31, 2015: USD 3,000,000 equivalent to INR 187,770,000)
  - To Standard Chartered Bank, Hongkong Branch for securing credit facilities to its wholly owned subsidiary Pearl Global (HK) Limited, Hong Kong for USD 12,000,000 equivalent to INR 795,960,000 (March 31, 2015 USD 12,000,000 equivalent to INR 751,080,000)
  - To Standard Chartered Bank, Bangladesh Branch for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for BDT 775,000,000 equivalent to INR 643,250,000 (March 31, 2015: BDT 560,000,000 equivalent to INR 442,400,000)
  - Counter guarantee given by the Company to Axis Bank, Gurgaon for issue of Standby Letter of Credit to HSBC, Bangladesh for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for Nil (March 31, 2015: USD 400,000 equivalent to INR 25,036,000)
- ii) Export Bills Discounted with banks ₹ 452,059,126 (March 31, 2015: ₹ 442,187,091)
- iii) Irrevocable letter of credit (net of margin) outstanding with banks ₹ 620,416,450 (March 31, 2015: ₹ 917,280,249)
- iv) Bank Guarantee given to government authorities ₹ 42,738,000 (March 31, 2015: ₹ 60,355,500)
- v) Counter Guarantees given by the Company to the Sales Tax Department for the enterprise over which Key Managerial Personnel have Significant influence amounting to ₹ 100,000 (March 31, 2015: ₹ 100,000), for others ₹ 50,000 (March 31, 2015: ₹ 50,000).
- vi) Claims against the Company not acknowledged as debts corresponding to:
- Case pending before ITAT (with respect to tax demand for A.Y. 2009-10) for which the Company has filed appeal amounting to ₹ 7,347,870 (March 31, 2015: Nil)
  - Tax Demand as per Sec 143(1) of Income Tax act, 1961 (with respect to Assessment Year 2014-15) amounting to ₹ 2,786,040. (March 31, 2015: Nil)
  - Several Legal Cases of labour pending at Labour Court, Civil Court and High Court.

# Notes

to the financial statements for the year ended March 31, 2016

## NOTE 29 : DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS

### A. Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of the Related Party
<b>Subsidiary (Direct / Indirect)</b>	<p><b>Domestic</b>                      Lerros Fashions India Limited                      Pixel Industries Limited</p> <p><b>Overseas</b>                      Norp Knit Industries Limited                      Pearl Global Fareast Limited                      Pearl Global (HK) Limited                      DSSP Global Limited                      PT Pinnacle Apparels (formely known as PT Norwest Industry)</p>
<b>Enterprise over which Key Managerial Personnel exercise Significant influence</b>	<p><b>Domestic</b>                      Pearl Wears                      Creative Arts Education Society                      PS Arts Private Limited                      PDS Multinational Fashions Limited                      Little People Education Society                      Nim International Commerce LLP                      Vau Apparels LLP</p> <p><b>Overseas</b>                      Grupo Extremo SUR S.A                      SACB Holdings Limited                      JSM Trading (FZE.)                      Transnational Textile Group Limited                      Superb Mind Holdings Limited                      Global Textiles Group Limited                      Multinational Textile Group Limited                      Casa Forma Limited                      PDS Asia Star Corporation Limited                      Simple Approach Limited                      Zamira Fashion Limited                      PG Group Limited                      DPOD Manufacturing Limited                      Norwest Industries Limited                      Poeticgem International Limited                      Multinational OSG Services Bangladesh Limited                      Nor Delhi Manufacturing Limited                      Techno Design Gmbh                      Propur Investment Limited                      Mahidhulu Investment Limited</p>

# Notes

to the financial statements for the year ended March 31, 2016

Poetic Brands Limited  
Poeticgem Limited  
PDS Trading (Shanghai) Company Limited  
Simple Approach (Canada) Limited  
Zamira Denim Lab Limited  
PG Home Group Limited  
PG Shanghai Mfg Company Limited  
Gem Australia Manufacturing Company Limited  
Norwest Inc.  
Sourcing Solutions Limited  
Grand Pearl Trading Company Limited  
Razamtazz Limited  
Krayon Sourcing Limited (Formerly Souring Solutions HK Limited)  
Nor France Manufacturing Company Limited  
Nor Lanka Manufacturing Limited  
Nor Europe MFG Company Limited  
Kleider Sourcing Hongkong Limited  
Techno Manufacturing Limited (Formerly Sino West MFG Company Limited)  
Nor India Manufacturing Company Limited  
Spring Near East Manufacturing Company Limited  
Designed and Sourced Limited  
FX Import Hongkong Limited  
Poetic Knitwear Limited  
Pacific Logistics Limited  
Pearl GES Home Group SPA  
Nor France SAS  
Nor Lanka Manufacturing Colombo Limited  
Nor Europe SPA  
FX Import Company Limited  
MultiTech Venture Limited (Mauritius)  
Redwood Internet Ventures Limited  
Digital Internet Technologies Limited  
Progress Manufacturing Group Limited  
Progress Apparels (Bangladesh) Limited  
Norlanka Progress Private Limited  
Green Apparel Industries Limited  
JJ Star Industrial Limited  
Twin Asia Limited

# Notes

to the financial statements for the year ended March 31, 2016

<b>Key Management Personnel (KMP)</b>	Mr. Deepak Seth	Chairman
	Mr. Pulkit Seth	Managing Director
	Mrs. Shefali Seth	Wholetime Director
	Mr. Vinod Vaish	Wholetime Director
	Mr. Raj Kumar Chawla	Chief Financial Officer
	Mr. Sandeep Sabharwal	Company Secretary
	Mr. Sanjay Sarkar	Executive Director
	Mr. Pallak Seth	Son of Chairman
	Mrs. Payel Seth	Wife of Chairman

## B. Disclosure of Related Parties Transactions:

### (i) Subsidiary Companies

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Purchase of Goods	1,833,451,136	1,420,763,287
Sale of Goods - Raw Material	58,735,161	86,898,498
Sale of Goods – Readymade Garments	125,273,978	122,205,649
Loan Given	43,960,950	-
Loan Received Back	113,332,500	-
Expenses Paid By Us On Their Behalf	42,393,142	5,940,632
Reimbursement of Expenses	27,001,081	26,238,932
Share Application Money Given	-	500,000
SAP Income	8,932,856	10,287,024
Investment in Equity Shares*	341,379,250	161,351,199
Interest Income	17,288,340	16,362,693

\* 11,155,658 Share taken of Lerros Fashions India Limited at nil value.

### Closing Balance

Particulars	As at	
	March 31, 2016	March 31, 2015
Loan Given to Subsidiary (Inclusive of Interest)	186,561,685	323,849,664
Advance to Subsidiaries/ Others	40,483,571	14,146,076
Amount Receivable	21,478,964	84,624,913
Others Payable	(243,575,012)	(188,971,787)

# Notes

to the financial statements for the year ended March 31, 2016

## (ii) Enterprise over which KMP has Significant Influence

(Amount in ₹)		
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Expenses Paid By Us On Their Behalf	-	73,720,193
Reimbursement of Expenses	216,575	1,294,654
Interest Income	3,197,688	9,569,682
Loan Given	30,000,000	30,000,000
Loan Received Back	103,283,488	17,200,000
SAP Income	3,981,262	7,510,896
Purchase of Assets	92,684	-
<b>Closing Balance</b>		
Particulars	As at March 31, 2016	As at March 31, 2015
Amount Receivable	-	19,463,621
Others Payable	-	274,765
Loan & Advances Receivable	35,334,961	113,370,500

## (iii) Key Management Personnel

(Amount in ₹)		
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Remuneration Paid	18,282,102	17,424,561
Loan Repaid	649,815	28,700,000
Expenses Paid By Us On Their Behalf	665,751	199,783
Interest Paid	54,960	397,819
Advance against Expenses	2,622,199	203,015
Expenses Incurred By Them On Our Behalf	2,515,414	-
Reimbursement of Expenses	575,603	2,526,803
Advance Received Back	27,836	203,015
Directors Sitting Fees	165,000	112,500
Incentive Paid	1,174,564	2,023,297
<b>Closing Balance</b>		
Particulars	As at March 31, 2016	As at March 31, 2015
Remuneration & Other Payable	1,151,270	1,452,047
Loan to Director	-	748,876



# Notes

to the financial statements for the year ended March 31, 2016

## C. Disclosure of Material Transactions: Related Parties having more than 10% interest in each transaction in the ordinary course of business

### (i) Subsidiary Companies

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Purchase of Goods</b>		
Norp Knit Industries Limited	1,422,281,843	1,205,751,632
P.T. Norwest	339,060,208	200,172,860
<b>Sale of Goods - Raw Material</b>		
Lerros Fashion India Limited	-	18,556,359
Norp Knit Industries Limited	58,735,161	68,269,059
<b>Sale of Goods - Readymate Garments</b>		
Pearl Global Far East Limited	19,569,379	-
Pearl Global (HK) Limited	105,704,599	122,205,650
<b>Loan Given</b>		
Pearl Global Far East Limited	43,960,950	-
<b>Loan Received Back</b>		
Pearl Global (HK) Limited	113,332,500	-
<b>Reimbursement of Expenses</b>		
Norp Knit Industries Limited	2,651,694	6,087,008
Pearl Global (HK) Limited	17,002,397	18,501,168
Pearl Global Far East Limited	6,792,651	1,372,787
<b>Expenses Paid By Us On Their Behalf</b>		
Norp Knit Industries Limited	-	2,423,354
Pearl Global (HK) Limited	38,695,276	3,316,511
<b>Share Application Money Given</b>		
Pixel Industries Limited	-	500,000
<b>Investment in Equity Shares</b>		
Norp Knit Industries Limited	-	64,248,199
Pearl Global (HK) Limited	220,841,250	96,603,000
Pearl Global Far East Limited	120,538,000	-
<b>SAP Income</b>		
Pearl Global Far East Limited	4,488,678	4,208,712
Norp Knit Industries Limited	-	6,078,312
Pearl Global (HK) Limited	4,444,178	-
<b>Interest Income</b>		
Pearl Global (HK) Limited	15,876,965	16,362,693

# Notes

## to the financial statements for the year ended March 31, 2016

### (ii) Enterprise over which KMP has significant influence

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Loan Given</b>		
PDS Multinational Fashion Limited	30,000,000	30,000,000
<b>Rent Income</b>		
Creative Arts Education Society	-	13,027,908
<b>Loan Received Back/ Interest Received</b>		
Little People Education Society	-	10,000,000
Vau Apparel Private Limited	-	7,200,000
PDS Multinational Fashion Limited	30,000,000	-
Multinational Textiles Group Limited	73,283,488	-
<b>Reimbursement of Expenses</b>		
Norwest Industries Limited	-	640,826
Poeticgem Limited	-	648,897
PDS Multinational Fashion Limited	216,575	-
<b>Expenses Paid By Us On Their Behalf</b>		
Pds Multinational Fashion Limited	-	73,525,576
<b>Interest Income</b>		
PDS Multinational Fashion Limited	2,165,753	5,966,922
Multinational Textiles Group Limited	1,031,935	3,602,760
<b>SAP Income</b>		
Nor Lanka Manufacturing Limited	-	2,115,778
Norwest Industries Limited	-	3,547,731
Poeticgem Limited	-	942,017
Multinational Textiles Group Limited	3,981,262	-
<b>Purchase of Assets</b>		
PDS Multinational Fashion Limited	92,684	-
<b>Closing Balance</b>		
Little People Education Society	-	13,427,663
Gem Australia Manufacturing Limited	-	26,601
Multinational Textiles Group Limited	3,981,262	69,898,454
Nor Lanka Manufacturing Limited	-	1,124,273
Norwest Industries Limited	-	3,917,956
PDS Multinational Fashion Limited	31,353,699	30,044,384
Pearl GES Group Limited	-	6,728
Poeticgem Limited	-	(238,150)
Simple Approach Limited	-	74,013
Zamira Fashion	-	(36,615)
Vau Apparels LLP	-	14,314,050

# Notes

to the financial statements for the year ended March 31, 2016

## (iii) Key Management Personnel

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Remuneration</b>		
Mr. Pulkit Seth	7,528,800	7,078,800
Ms. Shefali Seth	6,028,800	5,828,800
Mr. Rajkumar Chawla	1,954,980	1,906,752
<b>Expenses Paid By Us On Their Behalf</b>		
Mr. Deepak Seth	665,751	199,783
<b>Loan Repaid</b>		
Mr. Deepak Seth	649,815	28,700,000
<b>Interest Expenses</b>		
Mr. Deepak Seth	54,960	397,819
<b>Advance against Expenses</b>		
Mr. Raj Kumar Chawla	696,000	-
Mr. Vinod Vaish	1,328,081	-
Mr. Sandeep Sabharwal	545,700	203,015
<b>Expenses Incurred by Them on our Behalf</b>		
Mr. Deepak Seth	511,730	-
Mr. Raj Kumar Chawla	675,603	-
Mr. Vinod Vaish	1,328,081	-
<b>Reimbursement of Expenses</b>		
Mr. Vinod Vaish	-	1,461,400
Mr. Raj Kumar Chawla	575,603	729,403
Mr. Sandeep Sabharwal	-	336,000
<b>Directors sitting Fees</b>		
Mr. Deepak Seth	22,500	30,000
Mr. Anil Nayar	45,000	22,500
Mr. CR Dua	45,000	30,000
Mr. S.B. Mohapatra	45,000	22,500
<b>Incentive Paid</b>		
Mr. Raj Kumar Chawla	1,084,564	1,873,297
Mr. Sandeep Sabharwal	90,000	150,000
<b>Advance Received Back</b>		
Mr. Shefali Seth	27,432	203,015
<b>Closing Balance</b>		
Mr. Vinod Vaish	50,010	103,470

# Notes

to the financial statements for the year ended March 31, 2016

Particulars	(Amount in ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Mr. Raj Kumar Chawla	148,940	158,896
Mr. Sandeep Sabharwal	105,940	109,413
Mr. Pulkit Seth	493,190	625,000
Ms. Shefali Seth	353,190	500,000
Mr. Deepak Seth	-	748,876

## NOTE 30 : LEASES

### (a) Asset Given on Lease

#### (i) Minimum Lease Payments Receivables

The company has given certain assets on operating lease and lease rent (income) amounting to ₹ 98,378,335 (March 2015 ₹ 78,947,579) has been credited in the Statement of Profit & Loss. The future minimum lease payments receivable and detail of assets as at March 31, 2016 are as under :

(Amount in ₹)

Particulars	As At March 31, 2016	As At March 31, 2015
Not later than 1 year	93,971,842	54,567,637
Later than 1 year but not later than 5 years	59,587,719	62,238,591
Later than 5 years	-	-
<b>Total</b>	<b>153,559,561</b>	<b>116,806,228</b>

(ii) In pursuance with Para 23 of AS-19, "Leases" as notified under the Companies (Accounts) Rules 2014, lease rent under operating leases is recognized in Statement of Profit and Loss on straight line basis over the lease term. Accordingly, Lease Equalisation Asset of ₹ 3,118,952 is standing as on March 31, 2016 in the books of accounts .

Particulars	(Amount in ₹)
Total Operating Lease Rent Receivable as on April 1, 2015	8,548,942
Lease Rent on Straight line basis (credited to Statement of Profit & Loss through Rent Income during the year)	5,429,990
<b>Total Operating Lease Rent Receivable as on March 31, 2016</b>	<b>3,118,952</b>

### (b) Asset Taken on Lease

(i) "Minimum Lease Payments Payables The company has taken certain assets on non-cancelable operating lease and lease rent charged to Statement of Profit & Loss amounts to ₹ 84,137,918 (March 31, 2015 : ₹ 66,437,549). The details of future minimum lease payments is as under:"

(Amount in ₹)

Particulars	As At March 31, 2016	As At March 31, 2015
Not later than 1 year	64,048,790	40,447,674
Later than 1 year but not later than 5 years	245,144,722	89,437,002
Later than 5 years	86,291,733	58,619,422
<b>Total</b>	<b>395,485,245</b>	<b>188,504,097</b>

# Notes

## to the financial statements for the year ended March 31, 2016

- (ii) In pursuance with Para 23 of AS-19, "Leases" issued under Companies (Accounts) Rules 2014, lease rent under operating leases is recognized under Statement of profit and loss on a straight line basis over the lease term as under:

Particulars	(Amount in ₹)
Total Operating Lease Rent Payable as on April 1, 2015	3,712,148
Lease Rent on Straight line basis (debited to Statement of Profit & Loss through Rent Expense A/c)	1,460,346
<b>Total Operating Lease Rent Payable as on March 31, 2016</b>	<b>5,172,494</b>

### NOTE 31: CURRENCY DERIVATIVES

#### Forward Currency Contracts

- a) For the year ended March 31, 2016, the Company has recognised gain of ₹ 21,506,323 (March 31, 2015 : ₹ 25,717,846) relating to derivative financial instruments (comprising of foreign currency forward contracts). These commitments with respect to foreign currency forward contracts have been entered into by the Company to hedge against future receipts from customers in the ordinary course of business. These arrangements are designed to address significant exchange exposures and are reviewed/ renewed by the Management on a revolving basis as required.
- b) The following table represents the aggregate contracted principal amount of Company's Derivative contracts outstanding:

Particulars	As At	As At
	March 31, 2016	March 31, 2015
	USD	USD
Forward Foreign Exchange Contract	USD 1,34,00,000	USD 22,625,000
	(Equivalent to ₹ 928,234,560)	(Equivalent to ₹ 1,483,911,753)
Forward Foreign Exchange Contract	Nil	EUR 600,000
	Nil	(Equivalent to ₹ 40,992,000)

- c) Particulars of Unhedged foreign currency exposures as at March 31, 2016 :

Particulars	Foreign Currency	Document Currency (Amount in ₹)
Foreign Currency Receivable	\$1,470,118.32	97,512,948
	EUR 288,510.37	21,667,129
	GBP 3,411.23	324,374
Foreign Currency Payable	\$5,016,481.80	332,743,238
	EUR 727.57	54,641
Foreign Currency Loan Receivable	\$2,812,629	186,561,685

### NOTE 32: CORPORATE SOCIAL RESPONSIBILITY

The details of Corporate Social Responsibility as per Section 135 of the Companies Act 2013 read with Schedule VII thereof is as under:

# Notes

## to the financial statements for the year ended March 31, 2016

<b>Particulars</b>	<b>(Amount in ₹)</b>
(a) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits of last three years)	2,476,434
(b) Amount spent during the year with respect to (a) above	-
(c) Amount earmarked by the CSR Committee for the F.Y. 2015-16	-
(d) Minimum Amount to be Spent [(a)-(b)]	2,476,434

The amount spent during the year of ₹ 1,100,000 represents outstanding expenditure of Financial Year 2014-15.

### NOTE 33:

In view of the management, the current assets, loans and advances have a value on realization in the ordinary courses of business at least equal to the amount, at which they are stated in the Balance Sheet as at March 31, 2016.

### NOTE 34:

“There is no reportable segment of the company in view of the Accounting Standard -17 ‘Segment Reporting’ as issued under the Companies (Accounts) Rules,2014.”

### NOTE 35:

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company regularly updates the documentation for the International transactions entered into with the associated enterprises during the period as required under law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for the year ended March 31, 2016.

### NOTE 36:

The balances of trade receivables and trade payables are subject to reconciliation and confirmation as on March 31, 2016.

### NOTE 37:

Previous year figures have been regrouped & reclassified wherever considered necessary.

### NOTE 38:

Figures have been rounded off to the nearest rupee.

For & on behalf of Board of Directors of Pearl Global Industries Limited

**Pulkit Seth**  
Managing Director  
DIN 00003044

**Vinod Vaish**  
Whole time Director  
DIN 01945795

Place of Signature : Gurgaon  
Dated: 25th May, 2016

**Raj Kumar Chawla**  
Chief Financial Officer

**Sandeep Sabharwal**  
Company Secretary



**PEARL GLOBAL INDUSTRIES LIMITED**

Registered Office: A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028  
 Corp. Office: Plot No. 51, Sector-32, Gurgaon-122001 (Haryana)  
 Tel: 0124-4651000, Fax: 0124-4651010, Website: [www.pearlglobal.com](http://www.pearlglobal.com); e-mail: investor.pgil@pearlglobal.com  
 CIN: L74899DL1989PLC036849

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L74899DL1989PLC036849  
 Name of the Company : PEARL GLOBAL INDUSTRIES LIMITED  
 Registered Office : A-3, COMMUNITY CENTRE, NARAINA INDUSTRIAL AREA  
 PHASE-II, NEW DELHI-110028

Name of the Member(s) : .....  
 Registered Address : .....  
 E-mail ID : .....  
 Folio No./Client ID: .....  
 DP ID: .....

I/We, being the member(s) of.....equity shares of Rs.10/each of PEARL GLOBAL INDUSTRIES Limited, hereby appoint

- (i) Name..... Address.....  
 E-Mail..... Signature.....or failing him/her
- (ii) Name..... Address.....  
 E-Mail..... Signature.....or failing him/her
- (iii) Name..... Address.....  
 E-Mail..... Signature.....or failing him/her

As my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on 27<sup>th</sup> September, 2016 at 10:30A.M. at Sri Sathya Sai International Centre, Pragati Vihar ( Near Pragati Vihar Hostel), Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution Number	Description	Optional*		
		No of Shares held by me	I assent to the resolution (For)	I dissent from the resolution (Against)
<b>Ordinary Business</b>				
1	To receive, consider and adopt the audited Standalone Financial Statements and audited Consolidated Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016, together with the Reports of Directors and Auditors thereon.			
2	To declare final dividend on equity shares for the year ended 31 <sup>st</sup> March, 2016.			
3	To appoint a Director in place of Mrs. Shefali Seth, who retires by rotation and being eligible, offers herself for re-appointment.			
4	To appoint a Director in place of Mr. Vinod Vaish, who retires by rotation and being eligible, offers himself for re-appointment.			
5	To ratify the appointment of M/s S. R. Dinodia & Co. LLP. Chartered Accountants, (Regn. No. 001478N/N500005), New Delhi, as Statutory Auditors of the Company and to fix their remuneration.			
<b>Special Business</b>				
6	To re-appoint Mr. Pulkit Seth (DIN 00003044) as Managing Director.			
7	Revision in remuneration of Mr. Vinod Vaish (DIN 01945795) as Whole-Time Director.			
8	To re-appoint Mr. Vinod Vaish (DIN 01945795) as Whole-Time Director.			
9	To approve Related Party Transactions for the FY 2016-17 and 2017-18.			

Signed this.....day of.....2016

Signature of the Shareholder(s).....

Signature of the Proxy holder(s).....

**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.
- \*It is optional to put '✓' in the appropriate column blank against any or all resolutions indicated in the Box. If you leave the 'For' or 'Against' any or all resolution, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- In case of Joint holders, the signature of any one holder will be sufficient, but names of all the shareholders should be stated.



**Route map to the venue of the 27th Annual General Meeting of Pearl Global Industries Limited**



**Sri Sathya Sai International Centre,**  
Pragati Vihar, Lodhi Road, New Delhi - 110003









## **Pearl Global Industries Limited**

### **Registered Office**

"Pearl House"

A-3, Community Centre

Naraina Industrial Area, Phase-II

New Delhi-110028

CIN : L74899DL1989PLC036849

### **Corporate Office**

Plot No. 51, Sector-32

Gurgaon-122001 (Haryana)