



**PearlGlobal**

PGIL/SE/2017-18/25

Date: October 10, 2017

**THE GENERAL MANAGER,**  
DEPARTMENT OF CORPORATE SERVICES - CRD  
BSE LIMITED  
1<sup>ST</sup> FLOOR, NEW TRADING RING  
ROTUNDA BUILDING, P. J. TOWERS  
DALAL STREET, FORT,  
MUMBAI – 400 001

**THE GENERAL MANAGER,**  
LISTING DEPARTMENT  
NATIONAL STOCK EXCHANGE OF INDIA LTD.  
"EXCHANGE PLAZA", PLOT NO. C- 1, G- BLOCK,  
BANDRA - KURLA COMPLEX,  
BANDRA ( E ),  
MUMBAI - 400 051

**Reg: Scrip Code:     BSE-532808;**

**NSE - PGIL;**

**Sub:   Submission of Annual Report for the FY 2016-17**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the Financial Year 2016-17, as approved and adopted in the 28<sup>th</sup> Annual General Meeting of the Company, held on Thursday, September 28, 2017.

You are requested to kindly take the same on record and oblige.

Thanking you,

Yours faithfully,  
for **Pearl Global Industries Limited**

**(Sandeep Sabharwal)**  
**Company Secretary**

Encl: As above

**Pearl Global Industries Limited**

Corp. Office : Plot No. 51, Sector-32, Gurgaon-122001 Haryana (INDIA)  
Tel.: +91-124-4651000, Fax : +91-124-4651010. Website: [www.pearlglobal.com](http://www.pearlglobal.com)

CIN : L74899DL1989PLC036849

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

# ANNUAL REPORT

2016 - 2017



## *Pearl Global Industries Limited*

A vibrant illustration of a green hill with various trees, flowers, and butterflies. The hill is covered in green grass with small white and yellow flowers. Several trees of different shapes and sizes are scattered across the hill. In the background, there are more trees and a cluster of colorful circles. Butterflies of various colors (yellow, green, blue) are flying around the hill. The overall scene is bright and cheerful, representing a green and sustainable environment.

*Green Manufacturing*



#### **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. Chittranjan Dua	-	Non-executive Independent Director
Mr. Rajendra Kumar Aneja	-	Non-executive Independent Director
Mr. Anil Nayar	-	Non-executive Independent Director
Mr. Abhishek Goyal	-	Non-executive Independent Director

#### **Company Secretary**

Mr. Sandeep Sabharwal

#### **Audit Committee**

Mr. Anil Nayar	-	Chairman
Mr. Vinod Vaish	-	Member Director
Mr. Rajendra Kumar Aneja	-	Member Director
Mr. Abhishek Goyal	-	Member Director

#### **Nomination and Remuneration Committee**

Mr. Abhishek Goyal	-	Chairman
Mr. Deepak Seth	-	Member Director
Mr. Rajendra Kumar Aneja	-	Member Director
Mr. Anil Nayar	-	Member Director

#### **Stakeholder Relationship Committee**

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

#### **Bankers**

Punjab National Bank  
Standard Chartered Bank  
UCO Bank  
State Bank of India

#### **Registered Office**

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

#### **Corporate Office**

"Pearl Tower"  
Plot No. 51, Sector-32  
Gurugram-122001(Haryana)

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# Notice

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

Corp. Office: Pearl Tower, Plot No.51, Sector-32, Gurugram-122001(Haryana)

Tel: 0124-4651000, Fax: 0124-4651010, Website: www.pearlglobal.com; e-mail: investor.pgil@pearlglobal.com

CIN: L74899DL1989PLC036849

## NOTICE TO MEMBERS

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of the Pearl Global Industries Limited, will be held on Thursday, 28<sup>th</sup> September, 2017 at 03:30 P.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 Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss Account of the Company for the year ended on that date and Consolidated Financial Statements together with the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31<sup>st</sup> March, 2017.
3. To appoint a Director in place of Mr. Deepak Seth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pulkit Seth, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. B. R. Gupta & Co., Chartered Accountants, New Delhi (Regn. No. 008352N), be and are hereby appointed as the Statutory Auditors of the Company, in place of M/s. S. R. Dinodia & Co. LLP, Chartered Accountants, the retiring Statutory Auditors, to hold office for a term of five years from the conclusion of this Annual General Meeting till the conclusion of Thirty Third Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every Annual General Meeting till the Thirty Second Annual General Meeting, at such remuneration as may be decided by the Audit Committee/ Board of Directors of the Company.”

### SPECIAL BUSINESS

6. **TO APPOINT MR. ABHISHEK GOYAL (DIN 01928855) AS NON-EXECUTIVE INDEPENDENT DIRECTOR**

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

“RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Regulation 16(1)(b) and 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Abhishek Goyal (DIN 01928855), who has been appointed as an Additional Director of the Company in the category of Independent Director by the Board of Directors with effect from 26<sup>th</sup> May, 2017, in terms of Section 161(1) of the Companies Act, 2013 and Article 86 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company to hold office for a term of five years up to 25<sup>th</sup> May, 2022”.

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

“RESOLVED THAT in partial modification of the earlier Resolution passed by the shareholder at the 27<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September, 2016 and 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), consent of the Company be and is hereby accorded for payment of remuneration to Mr. Pulkit Seth, Managing Director of the Company with effect from 1<sup>st</sup> June, 2017 as set out below, with liberty to the Board of Directors

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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. 10.00 Lakh per month.  
 Car : A Company maintained car for official purpose.  
 Mobile/Telephone : A mobile for official purpose.  
 Provident Fund : As per Company's rules.  
 & Gratuity

“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.”

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

“RESOLVED THAT in partial modification of the earlier Resolution passed by the shareholder 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, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded for payment of remuneration to Mrs. Shefali Seth, Whole-Time Director of the Company with effect from 1<sup>st</sup> June, 2017 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 Mrs. Shefali Seth will be entitled for the following remuneration as Whole-Time Director of the Company:

Salary : Rs. 6.25 Lakh per month.  
 Car : A Company maintained car for official purpose.  
 Mobile / Telephone : A mobile for official purpose.  
 Provident Fund : As per Company's rules.  
 & Gratuity

“RESOLVED FURTHER THAT Mrs. Shefali Seth, Whole-time Director shall be responsible for affairs of the Company with special focus on Design and Development of Products of the Company and also perform such other duties and services as shall from time to time be entrusted to her 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, DSSP Global Limited, Multinational Textile Group Limited, PDS Multinational Fashions Limited, Norwest Industries Limited, Pearl Grass Creations Limited, Pearl Apparel Fashions Limited, Nor Delhi Manufacturing Limited, PG Group Limited, Poeticgem Limited, Nor Lanka Manufacturing Limited, Zamira Fashions Limited, Poeticgem Australia Limited, Simple Approach Limited, Prudent Fashions Limited, Vin Pearl Global Vietnam Limited, Pearl Global F.Z.E., PGIC Investment limited, Pearl Global (Chang Zhou) Textile Technology Co. Limited, as per details and terms & conditions as set out under the Explanatory Statement annexed to this Notice.”

“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: Gurugram  
 Date: May 26, 2017

(Sandeep Sabharwal)  
 Company Secretary



# Notice

## NOTES:

1. **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.**

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 22<sup>nd</sup> September, 2017 to Thursday, the 28<sup>th</sup> September 2017 (both days inclusive).

The dividend of Rs. 3/- per equity share of Rs.10/- each, as recommended by the Board of Directors of the Company, if declared at the meeting, will be paid on or before Thursday, 26<sup>th</sup> October, 2017 to those members:

- whose names appear as Beneficial Owners as at the end of business hours on Thursday, 21<sup>st</sup> September, 2017 in the lists of Beneficial Owners furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and
- whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before Thursday, 21<sup>st</sup> September, 2017.

3. The relevant Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(3) of LODR (Listing Obligations and Disclosure Requirements) in respect of re-appointment (s) of Directors are mentioned below.

4. 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 the Auditorium for 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.

5. 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.

6. 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.

7. 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.

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 IEP Fund
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
31.03.2016	5.00% (Final)	27.09.2016	26.10.2023	25.11.2023

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.

8. 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.

9. Soft copy of the Annual Report for the financial year 2016-17 is being sent to all the members, whose email 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 2016-17 are being sent in the permitted mode.

**10. NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 28<sup>TH</sup> ANNUAL GENERAL MEETING OF YOUR COMPANY.**

# Notice

## 11. 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 Securities and Exchange Board of India (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 28<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 Monday, 25<sup>th</sup> September, 2017 at 10:00 A.M. and ends on Wednesday, 27<sup>th</sup> September, 2017 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

21<sup>st</sup> September, 2017 (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
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (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

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



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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 21<sup>st</sup> September, 2017 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)

II. 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.

III. 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.

IV. 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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

A brief Resume of the Director(s) offering themselves for re-election is given below:

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## **ITEM No. 3:**

Mr. Deepak Seth, aged about 66 years, is Chairman of the Company. He is an Economics Graduate from St. Stephens College, Delhi University and holds a MBA Degree from Jamanalal Bajaj Institute of Management Studies, Bombay, India.

Mr. Deepak Seth is one of the pioneers in the field of readymade garments and being a visionary, identified the potential of the Far East region as a major supplier to the garment industry worldwide and set up the Company as a global outfit. With his vision, Mr. Seth enabled the group to be fully geared to face the post quota regime from 2005 with major trust in setting up manufacturing units across the entire Far East to present every option to the buyer and make the group a **ONE STOP SHOP** for their valued customers.

Mr. Seth is an active member of the Apparel Export Promotion Council of India and held the post of “Vice Chairman” of the Eastern Region of AEPC for 2 years, he is also executive member of the Apparel Exporters & Manufacturers Association (AEMA) and was awarded the “Udyog Ratna” Award by the Haryana Govt. in 2006 for his entrepreneurial skills.

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

### Directorship

#### **Indian Companies:**

PDS Multinational Fashions Limited, Pixel Industries Limited, PS Arts Pvt. Ltd., Pearl Retail Solutions Pvt. Limited, Digital Ecom Techno Private Limited.

#### **Foreign Companies:**

Pearl Global Fareast Limited, HK, Pearl Global (HK) Limited, HK, DSSP Global Ltd., HK, Pearl Grass Creations Limited, HK, PT Pinnacle Apparels, Indonesia, Norp Knit Industries Limited, Bangladesh, Prudent Fashions Limited, Bangladesh, Vin Pearl Global Vietnam Limited, FX Import Company Limited, UK, FX Imports Hongkong Limited, HK, Multinational Textile Group Limited, Mauritius, Global Textile Group Limited, Mauritius, NAFS Limited, UK, Premier Pearl Garment Joint Stock Co. Limited, Vietnam, Pallas Holdings Limited, Maritius, PG Group Limited, HK, PG Home Group Limited, HK, Nor Lanka Manufacturing Limited, SACB Holdings Limited, Mauritius, Transnational Textile Group Limited, Mauritius, Zamira Fashion Limited, HK, JSM Trading (F.Z.E.), UAE, Pearl Global F.Z.E. Nor India Manufacturing Co. Ltd., Spring Near East Manufacturing Co.

Ltd., Superb Mind Holdings Ltd., Poetic Knitwear Limited, UK, Norwest Industries Limited, Nor Lanka Colombo Manufacturing Limited, Sri Lanka, Design Arc Asia Ltd., HK, PDS Asia Star Corporation Limited, HK, Designed and Sourced Limited, Techno Design HK Limited, Poeticgem Australia Limited, Kleider Sourcing Hongkong Limited, Design Arc Europe Limited, Nor Delhi Manufacturing Limited, Techno Manufacturing Co. Limited, Propur Investment Limited, Simple Approach Canada Limited, Razamtazz Limited, Green Apparels Industries Limited, Blueprint Design Limited, Fareast Vogue Limited, Grupo Sourcing Limited, Hong Kong, JJ Star Industrial Limited, Krayons Sourcing Limited, Sourcing Solutions Limited, Techno Manufacturing Limited, Twins Asia Limited, PDS Far-east Limited, Kindred Brands Limited, Casa Forma London Limited, Kleider Sourcing Ltd – Bangladesh, Grupo Sourcing Limited– Bangladesh, Progress Apparels (Bangladesh) Limited, Green Smart Shirts Limited, Poeticgem International Limited and Zamira Denim Lab Limited. Multitech Ventures Limited, Mauritius, Redwood Internet Ventures Limited, Digital Internet Technologies Limited, Progress Manufacturing Group Limited, PG Home Group SPA, Norwest Inc., Styleberry Limited, PDS Global Investment Limited.

He is member of Nomination and Remuneration Committee of the Company.

No remuneration except sitting fee for attending each meeting of the Board of Directors is proposed to be paid to Mr. Deepak Seth. Mr. Seth holds 7.13% equity shares in the Company.

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

Directors of your Company propose to appoint Mr. Deepak Seth as a Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the members of the Company.

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

## **Item No. 4**

Mr. Pulkit Seth, aged about 37 years is Managing Director of the Company. He has a Bachelor of Business Management degree from Leonard N. Stern School of Business, University of New York, USA. He has over thirteen years of 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

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enhancing our relationship with leading retailers in the U.S. Details of other Directorship/Committee Membership held by him in other Companies are as follows:

## Directorship

### **Indian Companies:**

Pixel Industries Limited, Pearl Retail Solutions Private Limited, PS Arts Private Limited.

### **Foreign Companies:**

Lerros Moden, GmbH, Germany, NAFS Limited, UK, Norp Knit Industries Limited, Bangladesh, PAF International Limited, Bangladesh, Pallas Holdings Limited, Mauritius, Pearl Global (HK) Ltd., Transnational Textile Group Limited, Mauritius, PT Pinnacle Apparels, Indonesia, DSSP Global Limited, HK, Pearl Global Fareast Limited, HK, Prudent Fashions Limited, Bangladesh, Pearl Grass Creations Limited, Hong Kong and Vin Pearl Global Vietnam Limited, PGIC Investment Limited.

## Committee Membership

- i) Stakeholders Relationship Committee; and
- ii) CSR Committee

Mr. Pulkit Seth, the retiring Director, being eligible, offers himself for re-appointment.

Mr. Pulkit Seth holds 32.07% equity shares in the Company.

Directors of your Company propose to appoint Mr. Pulkit Seth as a Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the members of the Company.

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

### **Item No. 5: Appointment of M/s B. R. Gupta & Co., Chartered Accountants as Statutory Auditors of the Company**

In accordance with Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. S. R. Dinodia & Co. LLP, Chartered Accountants, Statutory Auditors of the Company shall retire at the conclusion of this Annual General Meeting of the Company. Pursuant to the provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors has, on recommendation of the Audit Committee, recommended for the appointment of M/s. B. R. Gupta & Co., Chartered Accountants, New Delhi (Regn. No. 008352N) as the Statutory Auditors at the Annual

General Meeting for a period of five years i.e. to hold office from the conclusion of this Annual General Meeting till the conclusion of the Thirty Third Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors. Consent and certificate u/s 139 of the Companies Act, 2013 have been obtained from M/s. B. R. Gupta & Co., Chartered Accountants, to the effect that their appointment, if made, shall be in accordance with the applicable provisions of the Act and the Rules issued there under.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. B. R. Gupta & Co., Chartered Accountants, has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors and Key Managerial Personnel of the Company is interested, whether directly or indirectly, in this resolution.

### **Item No. 6: Appointment of Mr. Abhishek Goyal as Non-Executive Independent Director**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Abhishek Goyal (DIN 01928855) as an Additional Director with effect from 26<sup>th</sup> May, 2017 under Section 161(1) of the Companies Act, 2013 and Article 86 of the Articles of Association of the Company and as an Non-Executive Independent Director of the Company under Section 149 of the Companies Act, 2013 to hold office upto 25<sup>th</sup> May, 2022. His appointment is subject to the approval of the members. A notice has been received from a member proposing Mr. Abhishek Goyal as a candidate for the office of Director of the Company.

Mr. Abhishek Goyal, aged about 36 years, is graduated in Finance and Economics from The University of Virginia in 2002.

He worked with Andor Capital Management (\$11B AUM Long/Short Equity Fund) in Manhattan (between 2002-2008), as Senior Analyst, covering technology companies with a focus on hardware and software. He then moved to Hong Kong (2008 - 2009) to start Andor's office there and invest in Asian companies.

In 2009, he joined White Elm Capital, as Senior Analyst and managed a \$80M India-focused portfolio.

In 2013, he co-founded OnCourse Vantage Pvt Ltd. OnCourse is India's foremost creative and alternate

# Notice

education company. The mission of the company is to bridge the gap between formal classroom education and real-world skills, by offering a plethora of institutional and non-institutional programs to help develop life-skills along with assisting students who are looking for a world-class education abroad.

The Board of Directors has in its Meeting held on 26<sup>th</sup> May, 2017, inducted Mr. Abhishek Goyal as Member in Audit Committee and Chairman in Nomination and Remuneration Committee.

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

(i) Indo Nippon Foods Private Limited (ii) Harki Properties And Investments Private Limited (iii) Kolar Food Specialities Private Limited (iv) Indicon Westfalia Limited (v) Precious Pet Services Private Limited (vi) House of Grains (India) Private Limited

Mr. Abhishek Goyal does not hold any shares in the Company. He has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Abhishek Goyal fulfils the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for his appointment as a Non-Executive Independent Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Abhishek Goyal as Non-Executive Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Abhishek Goyal as Non-Executive Independent Director for a period of five years upto 25<sup>th</sup> May, 2022, for the approval by the members of the Company.

Except Mr. Abhishek Goyal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, directly or indirectly, in the resolution set out at Item No. 6.

## **Item No. 7: Revision in Remuneration of Mr. Pulkit Seth, Managing Director of the Company**

Members of the Company at last Annual General Meeting held on 27<sup>th</sup> September, 2016 had approved the re-appointment and remuneration of Mr. Pulkit Seth as Managing Director of the Company for the period of three years w.e.f. 1<sup>st</sup> June, 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 remuneration of Mr. Pulkit Seth for the remaining tenure as Managing Director of the Company.

Shareholders' approval is sought for the variation in terms of remuneration of Mr. Pulkit Seth as Managing Director of the Company. The Remuneration payable to Mr. Pulkit Seth is within the limits provided under Section 197 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

#### **Indian Companies:**

Pixel Industries Limited, Pearl Retail Solutions Private Limited, PS Arts Private Limited.

#### **Foreign Companies:**

Lerros Moden, GmbH, Germany, NAFS Limited, UK, Norp Knit Industries Limited, Bangladesh, PAF International Limited, Bangladesh, Pallas Holdings Limited, Mauritius, Pearl Global (HK) Ltd., Transnational Textile Group Limited, Mauritius, PT Pinnacle Apparels, Indonesia, DSSP Global Limited, HK, Pearl Global Fareast Limited, HK, Prudent Fashions Limited, Bangladesh, Pearl Grass Creations Limited, Hong Kong and Vin Pearl Global Vietnam Limited, PGIC Investment Limited.

### Committee Membership

- i) Stakeholders Relationship Committee; and
- ii) CSR Committee

Your Directors recommend the passing of the resolution at Item no. 7 as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel, 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. 8: Revision in Remuneration of Mrs. Shefali Seth, as Whole-Time Director of the Company**

Members of the Company at its Annual General Meeting held on 22<sup>nd</sup> September, 2015 had approved the appointment and remuneration of Mrs. Shefali Seth as Whole-Time Director of the Company for the period of three years w.e.f. 19<sup>th</sup> January, 2015.



# Notice

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 remuneration of Mrs. Shefali Seth for the remaining tenure as Whole-Time Director of the Company.

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

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

## Directorship

- (i) PS Arts Private Limited (ii) Pixel Industries Limited (iii) Pearl Grass Creations Limited

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

Your Directors recommend the passing of the resolution at Item no. 8 as an Ordinary Resolution.

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

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

### **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 894.53 Crore. The Profit before Tax for the year is Rs 10.23 Crore against Rs. 18.72 Crore last year. The Company managed to have PAT of Rs.8.73 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.758.63 Crore during the current financial year 2016-17, and Rs. 697.13 Crore in the last year.

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

The Company has no foreign collaboration.

Apart from holding 4741270 equity shares of Rs.10/- each of your Company by 189 NRI / OCB's Members/ Folios representing 21.89% of the total paid up Capital of the Company as on 31<sup>st</sup> March, 2017, there is no other foreign investment in the Company.



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## II. INFORMATION ABOUT THE APPOINTEE:

Information	Mr. Pulkit Seth	Mrs. Shefali Seth
Background Details	Mr. Pulkit Seth, age about 37 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.	Mrs. Shefali Seth aged about 36 years, 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.
Past Remuneration	Rs. 8.35 Lac Per Month	Rs. 5 Lac Per Month
Recognition or Awards	NIL	NIL
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.	Mrs. Shefali Seth, Whole-Time Director shall be responsible for product design and development functions of the Company and also perform such other duties and services as shall from time to time be entrusted to her by the Board of Directors of the Company.
Remuneration Proposed	Salary: Rs.10 Lac 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.	Salary: Rs.6.25 Lac 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
Comparative Remuneration profile with respect to industry, size of the company profile of position and person	Arvind Limited Period: 2015-16 Turnover: Rs.5,407.26 Crore Managerial Personnel: Chairman and Managing Director Annual Managerial Remuneration: Rs.7.62 Crore	Kitex Garments Ltd Period:- 2015-16 Turnover: Rs.565.63 Crore Managerial Personnel: Chairman & Managing Director Annual Managerial Remuneration: Rs.8.89 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.	Relating to Pecuniary Relationship, information provided under Past and proposed Remuneration hereinabove. Mrs. Shefali Seth is related to Mr. Deepak Seth, and Mr. Pulkit Seth. She holds 2,01,478 Equity Shares of the Company.

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## 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

The Sales Turnover of your Company during the year 2016-17 was Rs. 781.47 Crore. The Company's PAT stood at Rs. 8.73 Crore during 2016-17.

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's profitability during 2017-18 should increase by 20% and productivity by 15% to 20%.

## IV. DISCLOSURES:

### Remuneration package of the Managerial Person(s) paid for the year 2016-17:

(Amount in Rs.)

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	96,00,000	60,00,000	12,69,096	--
Others ( Provident Fund )	21,600	21,600	21,600	--
Service Contract	3 years	3 years	2 years	
Notice Period, Severance fees	Nil	Nil	Nil	Nil
Sitting Fees	Nil	NIL	NIL	Rs.10,000/- for attending each Board Meeting
<b>Total</b>	<b>96,21,600</b>	<b>60,21,600</b>	<b>12,90,696</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 26, 2017.

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.

### 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 the financial year 2018-19:

# Notice

Sl. No.	Name of Related Party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature of Transactions	Amount (Rs. In Crore)
1	Norp Knit Industries Limited	Subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods Sale of Goods SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	225.00 25.00 1.00 3.00 1.00
2	PT Pinnacle Apparels	Step down subsidiary	Mr. Pulkit Seth	Purchase of Goods Sale of Goods SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	125.00 5.00 1.00 2.00 2.00
3	Pear Global (HK) Limited	Wholly owned subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods Sale of Goods SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	10.00 50.00 1.50 7.50 15.00
4	Pearl Global Fareast Limited	Wholly owned subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods Sale of Goods SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	10.00 60.00 1.00 2.50 0.75
5	DSSP Global Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	10.00 1.00 1.00 1.00
6	Multinational Textile Group Ltd.	Enterprise over KMP has significant influence	Mr. Deepak Seth	SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00
7	PDS Multinational Fashions Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00

## Notice

Sl. No.	Name of Related Party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature of Transactions	Amount (Rs. In Crore)
8	Norwest Industries Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	Sale of Goods Sale of Samples SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00 1.00 1.00
9	Pearl Grass Creations Limited (Formerly Pearl Tiger HK Limited)	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods Sale of Goods	5.00 5.00
10	Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited)	Wholly owned subsidiary	Mr. Vinod Vaish	Purchase of Goods Sale of Goods Expenses incurred by them on our behalf Expenses paid by us on their behalf	25.00 25.00 0.25 0.25
11	Nor Delhi Manufacturing Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	Purchase of Goods	1.00
12	PG Group Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	Sale of Goods SAP Facilities Charges	1.00 1.00
13	Poeticgem Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	Sale of Goods SAP Facilities Charges	1.00 1.00
14	Nor Lanka Manufacturing Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	SAP Facilities Charges	1.00
15	Zamira Fashion Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	SAP Facilities Charges	1.00
16	Poeticgem Australia Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	SAP Facilities Charges	1.00
17	Simple Approach Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	SAP Facilities Charges	1.00

# Notice

Sl. No.	Name of Related Party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature of Transactions	Amount (Rs. In Crore)
18	Prudent Fashions Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Sale of Goods Sale of Samples SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00 1.00 1.00
19	Vin Pearl Global Vietnam Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Sale of Goods Sale of Samples SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00 1.00 1.00
20	Pearl Global F.Z.E	Step down subsidiary	Mr. Deepak Seth	Sale of Goods Sale of Samples SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00 1.00 1.00
21	PGIC Investment Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Sale of Goods Sale of Samples SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00 1.00 1.00
22	Pearl Global (Chang Zhou) Textile Technology Co. Ltd.	Step down subsidiary	-	Sale of Goods Sale of Samples SAP Facilities Charges Expenses incurred by them on our behalf Expenses paid by us on their behalf	1.00 1.00 1.00 1.00 1.00

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, PT Pinnacle Apparels and Prudent Fashions Limited.

Mr. Deepak Seth is member of Norp Knit Industries Limited and Prudent Fashions 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: Gurugram  
Date: May 26, 2017

(**Sandeep Sabharwal**)  
Company Secretary



## Directors' Report

To the Members,

Your Directors are pleased to present the 28<sup>th</sup> Annual Report and Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2017, together with the Auditors' Report thereon.

### WORKING RESULTS OF THE COMPANY (STANDALONE)

(₹ in Crore)		
Particulars	2016-17	2015-16
Income from operations	857.85	768.18
Other Income	36.68	32.68
Profit before Tax	10.24	18.72
Provision for Tax	1.51	5.41
Profit After Tax	8.73	13.31
Transfer to General Reserves	----	---

### WORKING RESULTS OF THE COMPANY (CONSOLIDATED)

(₹ in Crore)		
Particulars	2016-17	2015-16
Income from operations	1524.18	1,393.41
Other Income	27.12	25.18
Profit before Tax	41.85	47.26
Provision for Tax	6.96	10.73
Profit After Tax	34.89	36.53
Minorities Share in (Profit)/Loss	1.39	0.13
Profit for the year	33.50	36.66

### STATE OF THE AFFAIRS OF THE COMPANY

During the year, your Company's consolidated income from operations was Rs. 1524.18 Crore as against Rs. 1,393.41 Crore in the previous year and Net Profit Rs. 33.50 Crore as against Net Profit Rs. 36.66 Crore in the previous year.

The income from operations for the year under review for the Company on Standalone basis was Rs. 857.85 Crore as compared to Rs. 768.18 Crore in the previous year and Net Profit Rs. 8.73 Crore as compared to Net Profit Rs. 13.31 in the previous year.

Pearl Global Industries Limited (PGIL) is one of the 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. 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 rang 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 5.5 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-customers satisfaction, keeping in line with our broader vision.

## Directors' Report

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

The Board of Directors also recommend a dividend Rs. 3/- per equity share for the year 2016-17 amounting to Rs.6,49,91,811/- (exclusive of tax on dividend). The dividend payout is subject to approval of the members at the forthcoming Annual General Meeting.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Samar Ballav Mohapatra, Independent Director, has resigned from the Directorship of the Company, with effect from 20<sup>th</sup> March, 2017, due to health reasons. The Board of Directors placed its appreciation for the contributions made by Mr. Mohapatra for growth of the Company.

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

The Board of Directors has in its Meeting held on 26<sup>th</sup> May, 2017, appointed Mr. Abhishek Goyal as Additional Director in the category of Independent Director, who shall hold office of Director upto forthcoming Annual General Meeting. The Board of Directors recommends for appointment of Mr. Abhishek Goyal as Independent Director for a period of five years. The Resolution for his appointment is proposed in the Notice calling the 28<sup>th</sup> Annual General Meeting.

The Board of Directors of your Company met four times on May 25, 2016, August 12, 2016, November 08, 2016, and February 14, 2017 during the financial year 2016-17.

### 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. Abhishek Goyal	- 01928855
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 Board of Directors in its meeting held on 14<sup>th</sup> February, 2017, inducted Mr. Deepak Seth as Member of the Nomination and Remuneration Committee. The Board of Directors further re-constituted Nomination and Remuneration Committee in its meeting held on 26<sup>th</sup> May, 2017, inducted Mr. Abhishek Goyal as Chairman of the Committee, due to resignation of Mr. Samar Ballav Mohapatra, Chairman of the Committee. The current composition of Committee, comprising three Non-executive Independent Directors, and one Non-executive Director, namely Mr. Abhishek Goyal, Chairman, Mr. Rajendra Kumar Aneja, Mr. Anil Nayar, and Mr. Deepak Seth, 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.

The Board of Directors in its meeting held on 14<sup>th</sup> February, 2017, inducted Mr. Rajendra Kumar Aneja as Member of the Stakeholders Relationship Committee. The Board of Directors further re-constituted Stakeholders Relationship Committee in its meeting held on 26<sup>th</sup> May, 2017, inducted Mr. Anil Nayar as Chairman of the Committee, due to resignation of Mr. Samar Ballav Mohapatra, Chairman of the Committee. The current composition of Committee, comprising two Non-executive Independent Directors, and two Executive Directors, namely Mr. Anil Nayar, Chairman, Mr. Rajendra Kumar Aneja, Mr. Pulkit Seth, and Mr. Vinod Vaish, Members of the Committee.

### 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

## Directors' Report

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 Board of Directors have in its meeting held on 26<sup>th</sup> May, 2017, re-constituted Audit Committee, due to resignation of Mr. Samar Ballav Mohapatra, Member of the Committee, from the Directorship of the Company, due to health reasons, on 20<sup>th</sup> March, 2017. The current composition of the Audit Committee comprises Three Non-executive Independent Directors and one Executive Director, namely Mr. Anil Nayar, Chairman, Mr. Abhishek Goyal, Mr. Rajendra Kumar Aneja and Mr. Vinod Vaish, as Members 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. 31.42 Lakh for spending on the area of education for the financial year 2016-17, which has been fully utilised.

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

### SUBSIDIARY COMPANIES

During the year under review, six Companies have become step down subsidiaries of the Company, Namely, Prudent Fashions Limited, Pearl Grass Creations Limited, Vin Pearl Global Vietnam Limited, Pearl Global F.Z.E., PGIC Investment Limited and A&B Investment Limited. These Companies are yet to commence business.

The subsidiaries assist our Company in providing one stop shop 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>

### STATUTORY AUDITORS' REPORT

The Auditors' Reports (Consolidated & Standalone) for the financial year ended 31st March, 2017 do not contain any qualification, reservation or adverse remark. The Auditors' Reports are enclosed with the financial statements in this Annual Report.

# Directors' Report

## STATUTORY 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, holding office of Auditors upto forthcoming Annual General Meeting.

As per the provisions of mandatory rotation of Auditors under Section 139(2) of the Companies Act, 2013 and rules framed there under, the Audit Committee and Board of Directors in their meetings held on 26<sup>th</sup> May, 2017, have considered for appointment of M/s B. R. Gupta & Co., Chartered Accountants, New Delhi (Regn. No. 008352N) as Statutory Auditors of the Company, for a period of five years, with effect from financial year 2017-18, in place of M/s S. R. Dinodia & Co. LLP. A Resolution for appointment of M/s B. R. Gupta & Co., Chartered Accountants, as Statutory Auditors of the Company is proposed in the Notice calling the 28<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 2016-17. The Secretarial Audit Report for the financial year 2016-17 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 2016-17.

## EXTRACTS OF ANNUAL RETURN

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

## RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in ordinary course of the business and on arm's length basis. No material related party transactions were entered during the financial year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company.

Members may refer to note no. 30 to the standalone financial statements which sets out related party disclosures pursuant to AS-18.

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-V**.

## 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-VI**.

## 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:

- in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures. There are no material departures from the same;
- 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, 2017 and of the profit and loss of the Company for that period;
- 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;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- 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



## Directors' Report

- 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 2016-17 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-VII* 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- VIII* 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-IX* to this 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 2016-17.

### 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: Gurugram  
Date: May 26, 2017



# 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

## Annexure-I to the Directors' Report

Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. *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

# Annexure-I to the Directors' Report

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 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;

## Annexure-I to the Directors' Report

**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;

**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

- 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.

- The CSR Committee comprises Mr. Vinod Vaish, Chairman, Mr. Pulkit Seth, and Mr. Anil Nayar as Members.
- Average net profit of the Company for last three financial years: **Rs. 1,571 Lakh**
- Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above): **Rs. 31.42 Lakh**
- Details of CSR spent during the financial year:
  - Total amount to be spent for the financial year: Rs. 31.42 Lakh
  - Amount unspent, if any: NIL
  - 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	31.42	31.42	31.42	Through Arpan Educational Society For Underprivileged Children

- Reasons for not spending the amount: Not Applicable

The Company has spent the entire amount required to be spent under CSR provision of Section 135 of the Companies Act, 2013, since 2014-15.

### 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

### SECRETARIAL AUDIT REPORT For the financial year ended 31<sup>st</sup> March, 2017

*[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 compliance** 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 31st March, 2017 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 31st March, 2017, 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 as follows:

- Company has received the disclosure under Regulation 30(1) and 30(2) of SEBI (Substantial Acquisition of

## Annexure-III to the Directors' Report

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
    - Mr. Deepak Seth - Member Director
  3. **Stakeholders Relationship Committee:**
    - Mr. S.B Mohapatra - Chairman #
    - Mr. Pulkit Seth - Member Director
    - Mr. Vinod Vaish - Member Director
    - Mr. Rajendra K. Aneja - 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

Mr. S.B Mohapatra has resigned with effect from **20/03/2017**. The Company has informed that a new independent director will be appointed on the next board meeting in order to regularize these Committees.

- 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 2017 the company has **19222807** shares in NSDL A/c, **2135269** shares in CDSL A/c and balance of **481886** 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 2016-17 Audit Committee met on 25.05.2016, 12.08.2016, 08.11.2016, and 09.02.2017. The Company has also maintained the proper record of the minutes of the meetings.

**Stakeholders Relationship Committee:** During the Financial Year 2016-17 the committee met on 11.04.2016, 05.05.2016, 08.06.2016, 17.06.2016, 30.06.2016, 16.07.2016, 26.07.2016, 03.08.2016, 23.08.2016, 20.09.2016, 19.10.2016, 08.11.2016, 19.11.2016, 03.12.2016, 30.1.2017, 07.02.2017 and 08.03.2017. The Company has also maintain the proper record of the minutes of the meetings.

### Nomination and Remuneration Committee meeting:

The Committee met on 25.05.2016 and 12.08.2016 during the Financial Year 2016-17.

### CSR Committee:

The Committee met on 12.08.2016 during the Financial Year 2016-17.

### Independent Directors' meeting:

During the Financial Year 2016-17 the Independent Directors met on 15.03.2017.

## Annexure-III to the Directors' Report

### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the 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. Chittranjan Dua	- Non-executive Independent Director
Mr. Rajendra K. Aneja	- Non-executive Independent Director
Mr. Anil Nayar	- Non-executive Independent Director

**# Mr. S B Mohapatra has resigned with effect from 20/03/2017. The Company has informed that a new independent director will be appointed on the next board meeting to regularise the composition of Board.**

Adequate notice were 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 four times during the financial year ending 31<sup>st</sup> March, 2017 on 25.05.2016, 12.08.2016, 08.11.2016, and 14.02.2017. 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 2016-17 the Company has called 27<sup>th</sup> Annual General Meeting for the Financial Year 2015-16 on 27<sup>th</sup> September 2016 at Sri Sathya Sai International Centre, Lodi Road, New Delhi-110003. The Company has kept the date of book Closure on 20<sup>th</sup> September 2016 to 27<sup>th</sup> September 2016 (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 2016 were paid and unpaid dividend are transferred to Unpaid Dividend Account - Pearl Global Industries Ltd in prescribed time.

**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.

## Annexure-III to the Directors' Report

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.
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.

### **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 2016-17.

**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**
- ◆ **Seccurity 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**

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

## Annexure-III to the Directors' Report

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.

**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 2015-16 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: 20<sup>th</sup> day of May, 2017



# Annexure -IV to the Directors' Report

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	L74899DL1989PLC036849
2	Registration Date	05/07/1989
3	Name of the Company	Pearl Global Industries Limited
4	Category/Sub-category of the Company	Public Limited Company / Limited by Shares
5	Address of the Registered office & contact details	A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, Near PVR Naryana, 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 shall be stated)

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

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

S. No.	Name and address of the Company	CIN/GLN/FCRN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited) A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028	U74900DL2007PLC161396	Subsidiary	100	2(87)(ii)
2	Pixel Industries Limited B-17, SIDCO First Street, SIDCO Industrial Estate, MMDA Colony, Arumbakkam, Tamil Nadu-600106	U18101TN2014PLC096204	Subsidiary	100	2(87)(ii)
3	Norp Knit Industries Limited Vill: North Khailpur, 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/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
5	Pearl Global (HK) Limited Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
6	PGIC Investment Limited Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)

## Annexure -IV to the Directors' Report

S. No.	Name and address of the Company	CIN/GLN/FCRN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
7	Pearl Global F.Z.E SM-Office-E1-4013H, Ajman Free Zone, Ajman, UAE	NA	Subsidiary	100	2(87)(ii)
8	Prudent Fashions Limited 29, Gareeb-E-Newaz Avenue,(4th Floor), Sector-11, Uttara , Dhaka, Bangladesh	NA	Subsidiary	97.5	2(87)(ii)
9	Vin Pearl Global Vietnam Limited Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	80	2(87)(ii)
10	Pearl Grass Creations Limited Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	51	2(87)(ii)
11	A&B Investment Limited PO Box 60869, Dubai, UAE	NA	Subsidiary	100	2(87)(ii)
12	DSSP Global Limited Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
13	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	NA	Subsidiary	69.91	2(87)(ii)

### IV. SHARE HOLDING PATTERN (Equity share capital breakup 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	
A. Promoters									
(1) Indian									
a) Individual/ HUF	11,562,734	-	11,562,734	53.37%	11,562,734	-	11,562,734	53.37%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	30	-	30	0.00%	30	-	30	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	11,562,764	-	11,562,764	53.37%	11,562,764	-	11,562,764	53.37%	0.00%
(2) Foreign									
a) NRI Individuals	2,862,145	-	2,862,145	13.21%	2,862,145	-	2,862,145	13.21%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	2,862,145	-	2,862,145	13.21%	2,862,145	-	2,862,145	13.21%	0.00%
TOTAL (A)	14,424,909	-	14,424,909	66.58%	14,424,909	-	14,424,909	66.58%	0.00%

## Annexure -IV to the 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. Public Shareholding									
1. Institutions									
a) Mutual Funds	825,451	-	825,451	3.81%	805,451	-	805,451	3.72%	-2.42%
b) Banks / FI	308,922	66	308,988	1.43%	513,112	66	513,178	2.37%	66.08%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	227,292	-	227,292	1.05%	-	-	-	0.00%	-100.00%
g) FIIs	1,410,005	-	1,410,005	6.51%	1,410,005	-	1,410,005	6.51%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	2,771,670	66	2,771,736	12.79%	2,728,568	66	2,728,634	12.60%	-1.56%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	404,612	929	405,541	1.87%	373,407	929	374,336	1.73%	-7.69%
ii) Overseas	-	325,606	325,606	1.50%	-	325,606	325,606	1.50%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,853,197	136,192	1,989,389	9.18%	1,719,134	132,074	1,851,208	8.55%	-6.95%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,371,789	-	1,371,789	6.33%	1,396,807.00	-	1,396,807	6.45%	1.82%
c) Others (specify)									
Non Resident Indians (Non Repat)	32,759	-	32,759	0.15%	26,759	-	26,759	0.12%	-18.32%
Non Resident Indians (Repat)	59,319	23,610	82,929	0.38%	93,544.00	23,211	116,755	0.54%	40.79%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	27,427	-	27,427	0.13%	159,788	-	159,788	0.74%	482.59%
Trusts	160	-	160	0.00%	160	-	160	0.00%	0.00%
Hindu Undivided Family	231,692	-	231,692	1.07%	258,975	-	258,975	1.20%	11.78%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	3,980,955	486,337	4,467,292	20.62%	4,028,574	481,820	4,510,394	20.82%	0.96%
Total Public (B)	6,752,625	486,403	7,239,028	33.42%	6,757,142	481,886	7,239,028	33.42%	0.00%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	21,177,534	486,403	21,663,937	100.00%	21,182,051	481,886	21,663,937	100.00%	0.00%

## Annexure -IV to the Directors' Report

### (ii) Shareholding of Promoter

S. No.	Shareholder's 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	Mr. Pulkit Seth	6,947,621	32.07%	NIL	6,947,621	32.07%	NIL	0.00%
2	Mrs. Payel Seth	4,413,635	20.37%	NIL	4,413,635	20.37%	NIL	0.00%
3	Mr. Deepak Seth (NRI)	1,544,499	7.13%	NIL	1,544,499	7.13%	NIL	0.00%
4	Mr. Pallak Seth (NRI)	1,317,646	6.08%	NIL	1,317,646	6.08%	NIL	0.00%
5	Mrs. Shefali Seth	201,478	0.93%	NIL	201,478	0.93%	NIL	0.00%
6	NIM International Commerce LLP	30	0.00%	NIL	30	0.00%	NIL	0.00%

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

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	14,424,909	66.58%	14,424,909	66.58%
	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	No Change	No Change	No Change
	At the end of the year	14,424,909	66.58%	14,424,909	66.58%

## Annexure -IV to the Directors' Report

### (iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Premier Investment Fund Limited</b>						
	At the beginning of the year	01.04.2016	-	1,051,231	4.85%	1,051,231	4.85%
	Changes during the year	-	-	-	0.00%	-	0.00%
	At the end of the year	31.03.2017	-	1,051,231	4.85%	1,051,231	4.85%
<b>2</b>	<b>Reliance Capital Trustee Co Ltd-A/c Reliance MID &amp; Small Cap Fund</b>						
	At the beginning of the year	01.04.2016	-	825,451	3.81%	825,451	3.81%
	Changes during the year	06.05.2016	Transfer	-100		825,351	3.81%
		13.05.2016	Transfer	-1,000		824,351	3.81%
		20.05.2016	Transfer	-2,300		822,051	3.79%
		27.05.2016	Transfer	-3,525		818,526	3.78%
		03.06.2016	Transfer	-3,075		815,451	3.76%
		01.07.2016	Transfer	-550		814,901	3.76%
		08.07.2016	Transfer	-9,450		805,451	3.72%
	At the end of the year	31.03.2017	-	-	-	805,451	3.72%
<b>3</b>	<b>Sanjiv Dhiresbhai Shah</b>						
	At the beginning of the year	01.04.2016	-	665,594	3.07%	665,594	3.07%
	Changes during the year	29.07.2016	Transfer	37		665,631	3.07%
		23.09.2016	Transfer	12,524		678,155	3.13%
		18.11.2016	Transfer	1,100		679,255	3.14%
		13.01.2017	Transfer	691		679,946	3.14%
		10.02.2017	Transfer	3,683		683,629	3.16%
		24.03.2017	Transfer	6,680		690,309	3.19%
		31.03.2017	Transfer	17,637		707,946	3.27%
	At the end of the year	31.03.2017				707,946	3.27%
<b>4</b>	<b>LTS Investment Fund Limited</b>						
	At the beginning of the year	01.04.2016	-	358,774	1.66%	358,774	1.66%
	Changes during the year	-	-	-	-	-	-
	At the end of the year	31.03.2017	-			358,774	1.66%
<b>5</b>	<b>Lesing Mauritius Limited</b>						
	At the beginning of the year	01.04.2016	-	325,606	1.50%	325,606	1.50%
	Changes during the year	-	-	-	-	-	-
	At the end of the year	31.03.2017				325,606	1.50%
<b>6</b>	<b>General Insurance Corporation of India</b>						
	At the beginning of the year	01.04.2016	-	256,666	1.18%	256,666	1.18%
	Changes during the year	-	-	-	-	-	-
	At the end of the year	31.03.2017				256,666	1.18%



## Annexure -IV to the Directors' Report

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>7</b>	<b>Life Insurance Corporation of India</b>						
	At the beginning of the year	01.04.2016	-	227,292	1.05%	227,292	1.05%
	Changes during the year	-	-	-	-	-	-
	At the end of the year	31.03.2017				227,292	1.05%
<b>8</b>	<b>Sanblue Corporation Limited</b>						
	At the beginning of the year	01.04.2016	-	135,419	0.63%	135,419	0.63%
	Changes during the year	25.11.2016	Transfer	577		135,996	0.63%
		16.12.2016	Transfer	3,795		139,791	0.65%
	At the end of the year	31.03.2017				139,791	0.65%
<b>9</b>	<b>Mayur Mukundbhai Desai</b>						
	At the beginning of the year	01.04.2016	-	169,921	0.78%	169,921	0.78%
	Changes during the year	01.04.2016	Transfer	-200		169,721	0.78%
		08.04.2016	Transfer	-6,349		163,372	0.75%
		29.04.2016	Transfer	-3,506		159,866	0.74%
		20.05.2016	Transfer	-8,691		151,175	0.70%
		30.06.2016	Transfer	-5,000		146,175	0.67%
		01.07.2016	Transfer	-4,615		141,560	0.65%
		08.07.2016	Transfer	-9,782		131,778	0.61%
		15.07.2016	Transfer	-1,087		130,691	0.60%
	At the end of the year	31.03.2017				130,691	0.60%
<b>10</b>	<b>Chetan D Shah HUF</b>						
	At the beginning of the year	01.04.2016	-	57,281	0.26%	57,281	0.26%
	Changes during the year	08.07.2016	Transfer	-1,579		55,702	0.26%
		29.07.2016	Transfer	2,245		57,947	0.27%
		05.08.2016	Transfer	15,384		73,331	0.34%
		02.09.2016	Transfer	3,146		76,477	0.35%
		30.09.2016	Transfer	2,070		78,547	0.36%
		04.11.2016	Transfer	9,615		88,162	0.41%
		18.11.2016	Transfer	220		88,382	0.41%
		25.11.2016	Transfer	2,082		90,464	0.42%
		02.12.2016	Transfer	9		90,473	0.42%
		09.12.2016	Transfer	1,459		91,932	0.42%
		13.01.2017	Transfer	100		92,032	0.42%
		20.01.2017	Transfer	2,717		94,749	0.44%
	At the end of the year	31.03.2017				94,749	0.44%

## Annexure -IV to the Directors' Report

### (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason No. of shares	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Mr. Deepak Seth, Chairman</b>						
	At the beginning of the year	1.04.2016	-	1,544,499	7.13%	1,544,499	7.13%
	Changes during the year	No Change					
	At the end of the year	31.03.2017		-	0.00%	1,544,499	7.13%
<b>2</b>	<b>Mr. Pulkit Seth, Managing Director</b>						
	At the beginning of the year	01.04.2016		6,947,621	32.07%	6,947,621	32.07%
	Changes during the year	No Change					
	At the end of the year	31.03.2017				6,947,621	32.07%
<b>3</b>	<b>Mrs. Shefali Seth, Whole-Time Director</b>						
	At the beginning of the year	01.04.2016		201,478	0.93%	201,478	0.93%
	Changes during the year	No Change					
	At the end of the year	-		201,478	0.00%	201,478	0.93%
<b>4</b>	<b>Mr. Vinod Vaish, Whole-Time Director</b>						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	No Change					
	At the end of the year	31.03.2017		-	0.00%	-	0.00%
<b>5</b>	<b>Mr. Chittranjan Dua, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	No Change					
	At the end of the year	31.03.2017		-	0.00%	-	0.00%
<b>6</b>	<b>Mr. Anil Nayar, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	No Change					
	At the end of the year	31.03.2017		-	0.00%	-	0.00%
<b>7</b>	<b>Mr. Rajendra Kumar Aneja, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	No Change					
	At the end of the year	31.03.2017		-	0.00%	-	0.00%
<b>8</b>	<b>Mr. Samar Ballav Mohapatra, Non-Executive Independent Director#</b>						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	No Change					
	At the end of the year	31.03.2017		-	0.00%	-	0.00%

# Resigned from Directorship of the Company with effect from 20.03.2017 due to health reasons

## Annexure -IV to the Directors' Report

### (V) INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,393,046,777.90	-	-	1,393,046,777.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,193,392.00	-	-	1,193,392.00
Total (i+ii+iii)	1,394,240,169.90	-	-	1,394,240,169.90
Change in Indebtedness during the financial year				
* Addition	442,812,658.30	-	-	442,812,658.30
* Reduction	(6,782,103.06)	-	-	(6,782,103.06)
Net Change	436,030,555.24	-	-	436,030,555.24
Indebtedness at the end of the financial year				
i) Principal Amount	1,829,077,333.14	-	-	1,829,077,333.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	311,836.00	-	-	311,836.00
Total (i+ii+iii)	1,829,389,169.14	-	-	1,829,389,169.14

### (VI) 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 in Rs.
	Name	Mr. Pulkith Seth	Mrs. Shefali Seth	Mr. Vinod Vaish	
	Designation	Managing Director	Whole-Time Director	Whole-Time Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,600,000.00	6,000,000.00	1,269,096.00	16,869,096.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800.00	28,800.00	48,670.00	106,270.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	9,628,800.00	6,028,800.00	1,317,766.00	16,975,366.00
	Ceiling as per the Act	As per Schedule-V of the Companies Act, 2013			

## Annexure -IV to the Directors' Report

### B. Remuneration to other Directors

S. No.	Particulars of Remuneration	Name of Directors				Total Amount (in Rs.)
1	Independent Directors	Mr. Chittranjan Dua	Mr. Anil Nayar	Mr. Rajendra Kumar Aneja	Mr. Samar Ballav Mohapatra	
	Fee for attending board meetings	35,000.00	35,000.00	10,000.00	15,000.00	95,000.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	35,000.00	35,000.00	10,000.00	15,000.00	95,000.00
2	Other Non-Executive Directors	Mr. Deepak Seth				-
	Fee for attending board committee meetings	20,000.00	-	-	-	20,000.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	20,000.00	-	-	-	20,000.00
	Total (B)=(1+2)	55,000.00	35,000.00	10,000.00	15,000.00	115,000.00
	Total Managerial Remuneration					17,090,366.00
	Overall Ceiling as per the Act	As per Schedule-V of Companies Act, 2013				

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

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount in Rs.
	Name	Mr. Raj Kumar Chawla	Mr. Sandeep Sabharwal	
	Designation	Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,928,208.00	1,502,904.00	3,431,112.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600.00	32,359.00	53,959.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	1,949,808.00	1,535,263.00	3,485,071.00

## Annexure -IV to the Directors' Report

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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: Gurugram

Date: May 26, 2017



## Annexure-V to the Directors' Report

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

#### Loan / Advances

(Amount in ₹)

Name of Party	Status	Balance as on 31.03.2017	Maximum during the year
PDS Multinational Fashions Limited	Associates	32,026,849	32,026,849
Pearl Global Fareast Limited	Subsidiary	46,769,003	46,769,003
Pearl Global (HK) Limited	Subsidiary	-	141,344,614

#### Investments (Equity Shares)

Name of Party	Status	Balance as on 31.03.2017	Maximum during the year
Pearl Global Fareast Limited	Subsidiary	279,729,184	279,729,184
Norp Knit Industries Ltd	Subsidiary	220,163,592	220,163,592
Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Ltd)	Subsidiary	164,834,870	164,834,870
Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited) (Preference Shares)	Subsidiary	30,000,000	30,000,000
Pearl Global (HK) Limited	Subsidiary	464,165,250	464,165,250
Pixel Industries Ltd	Subsidiary	500,000	500,000
PDS Multinational Fashions Limited	Associates	500,000	500,000

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: Gurugram

Date: May 26, 2017

## Annexure-VI 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	-	778,080,000	464,165,250
2	PDS Multinational Fashions Limited	30,000,000	-	500,000
3	Pearl Global Fareast Limited	43,960,950	-	279,729,184
4	Norp Knit Industries Limited	-	711,000,000	220,163,592
5	Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited)	-	-	164,834,870
6	Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited) (Preference Shares)	-	-	30,000,000
7	Pixel Industries Limited	-	-	500,000

## Annexure-VI 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: Gurugram

Date: May 26, 2017

## Annexure-VII 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. Pulkrit Seth (VC&MD) 43.69x Mrs. Shefali Seth (WTD) 26.16x Mr. Vinod Vaish (WTD) 5.53x
II	The percentage increase in remuneration of each Director, CFO, CS in the financial year	Mr. Pulkrit Seth (VC&MD) 33.6% Mrs. Shefali Seth (WTD) NIL Mr. Vinod Vaish (WTD) NIL Chief Financial Officer NIL Company Secretary 5%
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 1580 permanent employees as on 31 <sup>st</sup> March, 2017
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 7.0%. Average percentile increase in the salary of Managerial personnel in the last financial year was 7.72%.
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: Gurugram

Date: May 26, 2017

## Annexure-VIII 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	Sr. Vice-President (Sampling & Merchandising)	B.Com and Apparel Production Management	44	22	15/7/1995	16,165,836	NIL	NIL	No
2	Mr. Amit Mohan	Group CFO	B.Com (Hons), CA, CPA, ISA	51	28	2/11/2015	5,236,694	CFO, Vishvaraj Infrastructure, Nagpur	NIL	No
3	Mr. Ashish Garg	Vice-President (Sampling & Merchandising)	B.Sc., PG-GMT	39	18	30/1/2010	3,588,309	Sr. Business Manager, Shahi Export	NIL	No
4	Mr. Anand Bhatia	Vice-President (Production)	B.Sc., MBA	48	25	9/8/2011	3,108,856	Factory Manager, Texport Fashion Ltd	NIL	No
5	Mr. Sudhanshu Singhal	Sr. Vice-President ( Merchandising & Operations )	B.Tech, PGDBM	47	26	11/4/2016	2,704,933	GM B2B E Commerce (ITC )	NIL	No
6	Mr. Sachin Gupta	Vice-President (Merchandising & Marketing ) SBUYS	B. E. (IE) from IIT Roorkee	43	22	8/2/2011	2,472,380	Busana Apparel Group, Indonesia	NIL	No
7	Mr. Varun Bhaskar	Vice-President (Operations)	B.A., MBA	38	18	18/7/2011	2,275,536	CEO, Krisven International, Gurgaon	NIL	No
8	Mrs. Viney Batra	Assistant Vice President - Marketing & Merchandising	B.Sc., MBA	40	10	16/11/2015	2,085,228	B. L. International, Noida	NIL	No
9	Mr. Raj Kumar Chawla	Chief Financial Officer	B.Com, CA	43	21	15/2/2012	1,949,808	GM-F&A, Shyam Telecom, Ltd,	NIL	No
10	Mr. Piyush Sanon	Vice-President (Production)	B. Com, Diploma in Proactive Management Technology, Diploma in Export Import Management	42	24	8/6/2016	1,858,778	VP (Production) Richa Global	NIL	No

Note: Nature of employment is non contractual

## Annexure-VIII 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	37	13	1/11/2004	9,628,800	NIL	32.07	Yes
2	Mrs. Shefali Seth	Whole-Time Director	Bachelor degree in Business Administration	36	12	1/5/2005	6,028,800	Pearl Global Ltd.	0.93	Yes
3	Mr. Vinod Vaish	Whole-Time Director	B.Sc.	59	27	8/6/2009	1,317,766	Director, Uttranchal Biodiesel Ltd	NIL	No

Note: Nature of employment is contractual

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: Gurugram

Date: May 26, 2017

## Annexure IX to the Director's 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 conservation equipment: NIL

### B. TECHNOLOGY ABSORPTION :

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

Nil

(ii) **Benefits derived like product improvement, cost reduction, product development or import substitution:**  
Not Applicable

(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? : N.A.  
d) If not fully absorbed, areas where this has not taken place, and the reasons. : N.A.

(iv) **The expenditure incurred on Research & Development:**

<b>Expenditure on R &amp; D</b>	<b>(₹ / Lacs)</b>	
	<b>2016-17</b>	<b>2015-16</b>
a) Capital	NIL	NIL
b) Recurring	738.48	447.80
<b>Total</b>	<b>738.48</b>	<b>447.80</b>

### C. Foreign Exchange Earnings and Outgo

#### Foreign Exchange Earnings

(Amount in ₹)

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Export of Goods - FOB basis	7,58,63,20,594	6,97,13,17,985
Interest Income	58,90,610	1,83,20,275
IT/SAP Income	79,95,705	1,29,14,118
<b>Total</b>	<b>7,60,02,06,909</b>	<b>7,00,25,52,378</b>

#### Foreign Exchange Outgo

(Amount in ₹)

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Foreign Travelling	82,52,775	57,80,248
EDI Expenses	36,58,820	16,06,996
Others	27,43,586	1,97,46,763
<b>Total</b>	<b>1,46,55,181</b>	<b>2,71,34,007</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: Gurugram

Date: May 26, 2017



## 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]

(₹ / 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	Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited)	30/3/2007	31-Mar-17	INR	0	2763.91	-2530.98	533.62	0.70	0.00	1701.71	156.29	53.99	102.30	-	100
2	Pixel Industries Limited	18/6/2014	31-Mar-17	INR	0	5.00	-2.74	2.84	0.58	0.00	-	0.39	0.00	0.39	-	100
3	Norp Knit Industries Limited	22/3/2006	31-Mar-17	BDT	0.79	2679.25	4855.81	21755.70	14220.63	0.00	48768.31	1646.11	328.89	1317.23	-	99.99
4	Peal Global (HK) Limited	22/12/2009	31-Mar-17	USD	64.84	4577.61	1722.57	15765.21	8311.64	2346.77	55536.72	563.95	162.41	401.54	-	100
5	Pearl Global Fareast Limited	16/3/2009	31-Mar-17	HKD	8.33	2810.09	1520.40	6847.40	2516.91	0.00	12798.10	745.95	0.00	745.95	-	100
6	DSSP Global Limited	8/11/2012	31-Mar-17	USD	64.84	975.90	2174.82	5922.49	1618.38	680.79	16657.84	654.03	162.83	491.20	-	100
7	PT Pinnacle Apparels	30/3/2006	31-Mar-17	USD	64.84	975.15	2857.52	5326.20	1493.53	0.00	15458.09	598.21	154.30	443.91	-	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 Pearl Apparel Fashions Limited.
- (i) 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.

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

(Pulkit Seth)  
Managing Director  
DIN 00003044

(Vinod Vaish)  
Whole-Time Director  
DIN 01945795

(Raj Kumar Chawla)  
Chief Financial Officer

(Sandeep Sabharwal)  
Company Secretary

Place: Gurugram  
Date: May 26, 2017

# Corporate Governance

## 1. COMPANY'S PHILOSOPHY

Corporate Governance is a water filter process of any organization, by which every step in the organization cleaned up or you would say it's a cleaner of an organization, where no spot is left to raise any type of question. It's involve vast areas of integrity, fairness, equity, transparency, accountability and commitment to values. Good corporate governance is a Kawatch by which an organization protect itself in difficult times.

It's strong forward set up of an organization which creates trust, confidence with stakeholders based on the principles of Corporate Governance.

At Pearl Global Industries our employees satisfaction reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.

At Pearl Global Industries, we believe that as we move closer towards our aspirations of being a global corporation, our corporate governance standard must be globally benchmarked. Therefore, we have institutionalized the right building blocks for future.

Your Company is committed to best Corporate Governance and has fully complied with the requirements of 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 SEBI Listing Regulations.

## 2. BOARD OF DIRECTORS

Mr. Samar Ballav Mohapatra, Independent Director, has resigned from the directorship of the Company, due to health reasons on 20<sup>th</sup> March, 2017. The Board is in the process of appointing a new independent director in the immediate next Board Meeting to comply the provisions of Regulation 17(1) (b) read with Regulation 25 (6) and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31<sup>st</sup> March 2017, the Company's Board of Directors consists of 7 (Seven) members. The Chairman of the Board is Non-executive Promoter Director. The Board comprises of three executive Directors of whom one women Director and four Non-executive Directors, of whom three are Independent Directors.

**Composition and Category of the Board as on 31.03.2017 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	2	3	--	2	Yes
2	Mr. Pulkit Seth	Promoter, Executive	1	2	--	3	No
3	Mrs. Shefali Seth	Promoter, Executive	1	--	--	3	No
4	Mr. Vinod Vaish	Executive	1	3	1	4	Yes
5	Mr. Chittranjan Dua	Independent Non-executive	6	5	2	3	Yes
6	Mr. Rajendra K Aneja	Independent Non-executive	-	2	--	1	No
7	Mr. Anil Nayar	Independent Non-executive	-	3	2	3	Yes

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

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.

During the financial year 2016-17, four (4) Board Meetings were held on 25<sup>th</sup> May 2016, 12<sup>th</sup> August 2016, 8<sup>th</sup> November 2016, 14<sup>th</sup> February, 2017.

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 2,01,478 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 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.
- 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 SEBI Listing Regulations. The meetings of the Audit Committee were held on 25<sup>th</sup> May 2016, 12<sup>th</sup> August 2016, 8<sup>th</sup> November 2016 and 9<sup>th</sup> February 2017 during the financial year 2016-17. The maximum gap between any two meetings was less than one hundred twenty days.

During the year 2016-17, 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 Directors.

Two meetings of the Nomination and Remuneration Committee were held on 25<sup>th</sup> May, 2016 and 12<sup>th</sup> August, 2016, during the financial year 2016-17. 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	2
Mr. Deepak Seth - Member Director#	0
Mr. Anil Nayar - Member Director	2
Mr. R.K. Aneja - Member Director	0

# Inducted as member by the Board of Directors in its meeting held on 14<sup>th</sup> February, 2017.

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 2016-17 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	--	96,00,000	--	--	--	--	60,00,000	7,16,760
Benefits	--	--	--	--	--	--	--	--
HRA	--	--	--	--	--	--	--	3,58,320
SPL.. Allowance	--	--	--	--	--	--	--	1,94,016
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	2 years
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	20,000	--	35,000	35,000	15,000	10,000	--	--
<b>Total</b>	<b>20,000</b>	<b>96,21,600</b>	<b>35,000</b>	<b>35,000</b>	<b>15,000</b>	<b>10,000</b>	<b>60,21,600</b>	<b>13,05,696</b>

A sitting fee of Rs. 10,000/- is payable to Non Executive Directors for attending each Board meeting (Revised from Rs. 7,500/- w.e.f. 8<sup>th</sup> November, 2016). A sitting fee of Rs. 10,000/- 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.

## 6. STAKEHOLDER RELATIONSHIP COMMITTEE

As on 31<sup>st</sup> March, 2017,

The Stakeholder Relationship Committee comprises of:

Mr. S.B.Mohapatra - Chairman (Resigned from the Board w.e.f. 20<sup>th</sup> March,2017)

Mr. Pulkit Seth - Member

Mr. Vinod Vaish - Member

Mr. R.K Aneja - Member (Inducted as member by the Board of Directors in its meeting held on 14/2/2017)

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 2016	Complaints received during the year. 1 <sup>st</sup> April 2016 – 31 <sup>st</sup> March 2017	Complaints settled during the year. 1 <sup>st</sup> April 2016 – 31 <sup>st</sup> March 2017	Complaints pending at the ending of the year 31 <sup>st</sup> March 2017
Nil	5	5	Nil

## 7. GENERAL BODY MEETINGS

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

Year	AGM	Location	Date	Time
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.
2015-16	27 <sup>th</sup>	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003	27.09.2016	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 Mr. Pulkit Seth as Managing Director of the Company.	27 <sup>th</sup> September, 2016	2015-16
	Revision in remuneration of Mr. Vinod Vaish as Whole-Time Director of the Company.	27 <sup>th</sup> September, 2016	2015-16
	Re-appointment of Mr. Vinod Vaish as Whole-Time Director of the Company.	27 <sup>th</sup> September, 2016	2015-16
2	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
3	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

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



## 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

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

Day	Date	Time	Venue
Thursday	28 <sup>th</sup> September, 2017	3.30 P.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.

### (iv) Financial Calendar, 2017-18 (Tentative)

First Quarter Results	:	Second week of September, 2017
Second Quarter & Half Yearly Results	:	Second week of November, 2017
Third Quarter Results	:	Second week of February, 2018
Fourth Quarter & Annual Results	:	Last week of May, 2018

- (v) **Date of Book Closure** : 22<sup>nd</sup> September, 2017 to 28<sup>th</sup> September, 2017  
(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>

The Annual Listing Fee for the financial year 2016-2017 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 2016-17:**

MONTH(S)	BOMBAY STOCK EXCHANGE Company Code: 532808		NATIONAL STOCK EXCHANGE Company Code: PGIL	
	HIGH	LOW	HIGH	LOW
April 2016	244.30	223.90	246.00	222.00
May 2016	240.00	228.00	242.00	225.00
June 2016	244.40	210.00	245.00	209.00
July 2016	257.70	215.00	256.20	215.00
August 2016	225.60	197.40	228.45	197.50
September 2016	205.00	150.05	205.00	152.05
October 2016	180.95	160.00	183.75	160.00
November 2016	177.00	132.00	184.95	128.10
December 2016	143.70	127.00	145.95	127.50
January 2017	148.95	135.00	147.75	135.05
February 2017	171.50	142.05	170.50	141.05
March 2017	159.50	110.00	158.90	110.00

**(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 2016	230.50	25,606.62	230.70	7849.80
May 2016	234.65	26,667.96	235.05	8160.10
June 2016	241.30	26,999.72	243.20	8287.75
July 2016	223.80	28,051.86	222.75	8638.50
August 2016	201.05	28,452.17	201.15	8786.20
September 2016	164.40	27,865.96	164.50	8611.15
October 2016	179.20	27,930.21	178.00	8625.70
November 2016	142.00	26,652.81	142.80	8224.50
December 2016	136.00	26,626.46	135.85	8185.80
January 2017	144.35	27,655.96	144.50	8561.30
February 2017	151.80	28,743.32	150.40	8879.60
March 2017	118.65	29,620.50	118.30	9173.75

**(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 2017**

Number of Equity Shares * held	Shareholders		Equity shares held	
	Numbers	% to total	Numbers	% to total
1 - 500	18719	96.82	1296933	5.99
501 - 1000	310	1.60	229604	1.06
1001 - 2000	136	0.70	211067	0.97
2001 - 3000	43	0.22	108216	0.50
3001 - 4000	22	0.12	77503	0.36
4001 - 5000	21	0.11	98507	0.46
5001 - 10000	33	0.17	245571	1.13
10001 and above	50	0.26	19396536	89.53
<b>Total</b>	<b>19334</b>	<b>100.00</b>	<b>21663937</b>	<b>100.00</b>

**(b) Categories of Shareholders as on 31<sup>st</sup> March 2017**

	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	2215456	10.23
Financial Institutions/Banks	6	0.03	513178	2.37
NRI's / Foreign Companies	185	0.97	469120	2.15
Bodies Corporate	185	0.97	374336	1.73
Clearing Members	93	0.48	159788	0.74
Individual	18116	93.70	3248015	14.99
Hindu Undivided Family	734	3.80	258975	1.19
Trusts	1	0.00	160	0.00
<b>TOTAL (B)</b>	<b>19323</b>	<b>99.97</b>	<b>7239028</b>	<b>33.42</b>
<b>TOTAL { (A) + (B) } = (C)</b>	<b>19329</b>	<b>100.00</b>	<b>21663937</b>	<b>100.00</b>

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

**(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 2017, 21181588 equity shares of the Company forming 97.77% 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 No. 19A, Peenya Industrial Area.,Bengaluru-560058
- xv) Plot No.10A, Sector-5, Phase-II, IMT Bawal

**(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 30 of Notes to Financial Statement in the Annual Report.
- 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 2017.

**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 2016-17, 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: two
- 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 Market

India is the second largest producer of textiles and garments in the world. The size of India's textile market is expected to touch USD 250 billion in the next two years from USD 150 billion now. India's textile and Apparel Exports increase to USD 65 billion in 2017 from USD 40 billion in 2016. The fundamental strength of the textile industry is its strong production base of wide range of fibre/yarns from natural fibres like cotton, jute, silk & wool to synthetic/man-made fibres like polyester, viscose, nylon & acrylic. India accounts for about 14% of world's production of textiles fibres and yarns. The textile Industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14% to the industrial production, 4% to the gross domestic product (GDP) and 27% to the country's foreign exchange inflows. The textile industry employs about 51 million people directly and 68 million people indirectly. The textile sector is the second largest provider of employment after agriculture. The industry accounts for nearly 15% of total exports. Thus growth and all round development of this industry has a direct bearing on the improvement of the India's economy.

### b) India's Trade Scenario

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand, with consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international player like, Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at Compound Annual Growth Rate (CAGR) of more than 13 % over a 10 year period the Union Ministry of Textile which has set a target of doubling textile exports in 10 years, plan to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition, apart from finalizing guidelines for the revised Textile Up-gradation Fund Scheme (TUFS).

The Indian Industry growth trajectory is always compared to China, when china was growing and exporting huge quantity, it was riding high on domestic as well. But today the labour wages are so high, becoming difficult for the export segment in the country to sustain, thereby seeing a shift in business to Vietnam, Cambodia,

etc. The 'special package' was announced by the Indian Government in June 2016, where significant financial and investment incentives were offered, besides critical labour flexibilities, with the aim to generate 100.3 Lakh additional jobs and USD30.04 billion additional exports.

## 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. 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 5.5 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

# Management Discussion and Analysis

standards and ultimately customers satisfaction, keeping in line with our broader vision.

## 1. Our manufacturing facilities

Country	Name	Factories	Capacity (In Million)	Machines
India	Pearl Global	9	1.68	5000
Bangladesh	Norp knit	5	1.80	3400
Indonesia	PT Pinnacle	1	0.35	1100
<b>Total</b>		<b>15</b>	<b>3.83</b>	<b>9500</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. 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

We have already 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, You, 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.

SBUY is a popular brand among online shoppers for western women wear and kids wear. It brings in the latest international fashion in Women wear (21-29 yrs) Young Girls wear (15 -20 yrs) and Kids' wear (4-10 yrs) SBUY has complete three years and is showing exponential growth YoY. The brand is managed by a team of experience and dedicated professionals. Its business is driven by its own e-com portal WWW.SBUY. IN and other leading online e-tailers. It is all set to tap the huge potential of women wear and kids wear market thru online retailers and strategic brand tie ups.

## COMPANY PERFORMANCE AND MANAGEMENT OUTLOOK



The company has achieved a gross income of Rs.1524 Crore compared to Rs. 1393 Crore in last financial year on consolidated basis, a growth of 9.40%.

Going forward, as the expanded capacities in Bangalore and Chennai become fully operational, the share of in house

# Management Discussion and Analysis

manufacturing will increase leading to improvement in overall margins.

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

The Garments export industry is poised to grow in 2017. Furthermore, Government of India recently announced Rs.6,000 crore package for textiles and apparel sector which includes additional incentives for duty drawback scheme for apparels, flexibility in labour law and tax and production incentives to garment manufacturing units. This will also fuel the growth in the Indian garment sector. With expected reduction in China's cost competitiveness and reduced focus on textiles, India has the chance of increasing its share in global Apparel Exports. Although India is expected to gain market share, Southeast Asian Countries like Cambodia, Indonesia and Vietnam are also expected to benefit in overall export performance. To improve technical skills in apparel industry government established 75 apparel training and design centers across India. National Institute of Fashion Technology played pioneering role in growth of apparel industry and exports. To promote apparel exports 12 locations have been approved by the government to set up apparel parks for exports.

## 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 putting pressure on prices, thereby on margins.

Garment manufacturing is totally a labour intensive and even after greater automation it will remain so. 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.

The Company has established factories and operating in the region for long time continuous efforts for betterment of labour has been conducted to improve the condition both at work and home for labour company till now haven't 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.

## 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

# Management Discussion and Analysis

- 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, 2017 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: 26.05.2017

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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, 2017.

**For Pearl Global Industries Limited**

**Pulkit Seth**

Managing Director

DIN 00003044

Place: Gurugram

Date: 26.05.2017

# 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, 2017 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: Gurugram

Date: May 26, 2017



# 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, 2017**, 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, 2017, 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 ₹ 4,430,135,647 as at March 31, 2017, total revenues and profit before tax of ₹ 11,712,436,413 and ₹ 295,600,518 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 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.*

# Independent Auditors' Report

## To the Members of PEARL GLOBAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

#### 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, 2017 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, 2017 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.28 "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. 34 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.
    - iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - *Refer Note No 38 to the consolidated financial statements.*

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

Chartered Accountants,

Firm's Registration Number 001478N/N500005

**(Pradeep Dinodia)**

Partner

Membership Number 080617

Place of Signature: Gurugram

Date: May 26, 2017

# 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, 2017, 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.

# Independent Auditors' Report

## To the Members of PEARL GLOBAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company 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, 2017, 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's Registration Number 001478N/N500005

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

*Partner*

Membership Number 080617

Place of Signature: Gurugram

Date: May 26, 2017

# Consolidated Balance Sheet

## as at March 31, 2017

(Amount in ₹)			
Particulars	Note No.	As At March 31, 2017	As At March 31, 2016
<b>I. Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	3	216,639,370	216,639,370
Reserves and Surplus	4	3,537,559,103	3,229,120,866
		<b>3,754,198,473</b>	<b>3,445,760,236</b>
<b>Deferred Revenue Grant</b>	5	1,258,333	-
		<b>1,258,333</b>	-
<b>Minority Interest</b>		115,348,689	94,442,585
<b>Non-Current liabilities</b>			
Long-Term Borrowings	6	366,286,545	193,201,327
Other Long Term Liabilities	7	363,133,797	381,451,652
Long-Term Provisions	8	158,097,759	124,385,150
		<b>887,518,101</b>	<b>699,038,129</b>
<b>Current liabilities</b>			
Short-Term Borrowings	9	2,029,634,617	1,887,016,814
Trade Payables	7		
- Due to Micro and Small Enterprises		23,639,255	10,193,492
- Due to Others		1,676,408,308	1,775,734,245
Other Current Liabilities	7	453,498,454	320,098,422
Short-term provisions	8	4,066,087	15,814,073
		<b>4,187,246,721</b>	<b>4,008,857,046</b>
<b>Total</b>		<b>8,945,570,317</b>	<b>8,248,097,996</b>
<b>II. Assets</b>			
<b>Non-Current assets</b>			
Fixed Assets			
Tangible Assets	10	2,462,582,440	2,031,830,728
Intangible Assets	10	72,491,651	64,083,024
Capital Work-In-Progress	10	156,141,788	110,361,236
Non-Current Investments	11	666,914	619,664
Deferred Tax Assets	12	17,226,551	38,783,384
Long-Term Loans and Advances	13	476,965,683	243,100,561
Trade Receivables	16	7,702,567	7,702,567
Other Non-Current Assets	16	13,873,715	25,786,306
		<b>3,207,651,308</b>	<b>2,522,267,470</b>
<b>Current Assets</b>			
Current Investment	14	125,307,828	192,233,116
Inventories	15	2,136,685,490	1,737,939,580
Trade Receivables	16	1,696,367,240	1,912,394,415
Cash and Bank Balances	17	1,079,367,795	1,307,528,443
Short-Term Loans and Advances	13	451,398,115	387,014,600
Other Current Assets	16	248,792,540	188,720,373
		<b>5,737,919,008</b>	<b>5,725,830,527</b>
<b>Total</b>		<b>8,945,570,317</b>	<b>8,248,097,996</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

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurugram

Dated: May 26, 2017

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

# Consolidated Statement of Profit & Loss

for the year ended March 31, 2017

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I</b> Revenue from Operations	18	15,241,880,517	13,934,162,005
<b>II</b> Other Income	19	271,207,644	251,825,351
<b>Total Revenue (I + II)</b>		<b>15,513,088,161</b>	<b>14,185,987,356</b>
<b>III Expenses:</b>			
Cost of Materials Consumed	20	6,387,041,073	6,031,000,703
Purchases of Stock-In-Trade	21	1,666,676,863	1,834,010,388
Changes in Inventories of Finished Goods, Work In Progress and Stock In Trade	22	(72,272,403)	66,185,063
Employee Benefits Expense	23	2,552,627,608	2,063,170,983
Finance Costs	24	211,560,115	205,499,691
Depreciation and Amortization Expense	10	198,690,356	168,642,184
Other Expenses	25	4,150,732,302	3,333,905,314
<b>Total Expenses</b>		<b>15,095,055,914</b>	<b>13,702,414,325</b>
<b>IV Profit Before Exceptional and Extraordinary Items and Tax</b>		<b>418,032,247</b>	<b>483,573,031</b>
<b>V</b> Exceptional Items	26	496,022	(10,914,169)
<b>VI Profit Before Tax and Extraordinary Items (IV - V)</b>		<b>418,528,270</b>	<b>472,658,862</b>
<b>VII</b> Extraordinary Items		-	-
<b>VIII Profit Before Tax (VI - VII)</b>		<b>418,528,270</b>	<b>472,658,862</b>
<b>IX Tax expense:</b>			
Current Tax		69,707,327	121,318,807
Less: MAT credit entitlement		(19,432,016)	-
Deferred Tax		21,260,925	(11,792,955)
Tax Adjustment For Earlier Years		(1,914,001)	(2,251,510)
<b>X Profit/(Loss) Before Minority Share (VIII - IX)</b>		<b>348,906,035</b>	<b>365,384,520</b>
Share of (Profit)/Loss attributable to Minoritiy Interest		(13,834,469)	1,254,865
<b>XI Profit/(Loss) of the year</b>		<b>335,071,566</b>	<b>366,639,385</b>
<b>XII Earnings per Equity Share:</b>	24		
[(Face value of ₹10 each (March 31, 2016: ₹10 each)]			
- Basic		15.47	16.92
- Diluted		15.47	16.92
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

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurugram

Dated: May 26, 2017

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



# Consolidated Cash Flow Statement

## for the year ended March 31, 2017

(Amount in ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	418,528,270	472,658,862
<b>Adjustments For :</b>		
Depreciation & Amortization	198,690,356	168,642,184
(Profit)/Loss on sale of Assets	(496,022)	10,914,169
(Profit)/Loss on sale of Investment	(17,775,326)	(25,943,725)
Rent Received	(100,962,893)	(98,378,335)
Interest Paid (Net)	157,069,258	115,870,578
Foreign Currency Translation Reserve	(87,667,885)	(23,715,582)
Interest Received	(23,746,589)	(31,503,188)
<b>Operating Profit before Working Capital Changes</b>	<b>543,639,168</b>	<b>588,544,963</b>
<b>Adjustment for Increase/Decrease in Operating Assets &amp; Liabilities:</b>		
Trade and Other Receivables	(101,688,432)	(483,314,681)
Inventories	(398,745,910)	9,753,188
Deferred Government Grant	1,258,333	-
Trade Payables and Other Liabilities	155,420,004	196,664,154
<b>Cash Generated from Operations</b>	<b>199,883,162</b>	<b>311,647,624</b>
Tax on dividend	-	-
Direct Taxes Paid	(85,167,470)	(58,862,518)
<b>Net Cash from Operating Activities (A)</b>	<b>114,715,692</b>	<b>252,785,106</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including CWIP)	(721,856,389)	(241,790,245)
Sale of Investment during the year	96,506,452	68,463,418
Investment made during the year	(9,955,004)	(126,598,011)
Investment in bank deposits (having original maturity of more than one year)	8,409,463	10,438,912
Investment in bank deposits (having original maturity of less than one year)	266,768,179	(97,468,866)
Proceeds from Sale of Fixed Assets	7,066,477	35,374,693
Interest Received	23,746,589	31,503,188
Rent Received	100,962,893	98,378,335
<b>Net Cash used in Investing Activities (B)</b>	<b>(228,351,340)</b>	<b>(221,698,577)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(157,069,258)	(115,870,578)
Repayment (to)/ from Minority interest	7,071,635	(8,239,124)
Dividend Paid	(13,462,220)	(122,364,773)
Proceeds from Long Term Borrowings (Net)	315,703,021	481,425,947
<b>Net Cash from Financing Activities (C)</b>	<b>152,243,179</b>	<b>234,951,472</b>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)</b>	<b>38,607,531</b>	<b>266,038,001</b>
<b>Cash And Cash Equivalents at The Beginning of The Year</b>	<b>571,914,795</b>	<b>305,876,793</b>
<b>Cash And Cash Equivalents at The End of The Year</b>	<b>610,522,326</b>	<b>571,914,795</b>
Cash & Cash Equivalents include:		
- Cash on Hand	262,923,613	61,675,492
- Cheque on Hand	72,982,598	45,772,527
Balance with Scheduled Banks:		
- In Current Account	273,089,234	462,514,815
- Unpaid Dividend	1,526,882	1,951,961
	<b>610,522,326</b>	<b>571,914,795</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

**Pradeep Dinodia**  
Partner  
Membership No. 080617

Place of Signature : Gurugram  
Dated: May 26, 2017

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

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

### 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, 2017.
- 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.
- 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.

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

- 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**

- 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.

### **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:

- 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

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

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 tangible 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.
- Fixed asset costing upto ₹ 5000 has been fully depreciated during the financial year
- 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.

### 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

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

and unlisted equity & debt instruments that are designated as available for sale or are not classified in any of the 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

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

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.

### 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 subject 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, 2017

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' 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, 2017

### - 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 ₹)

### NOTE 3 : SHARE CAPITAL

#### Authorised:

	As At March 31, 2017	As At March 31, 2016
51,440,000 (March 31, 2016: 51,440,000) Equity Shares of ₹ 10/- each	514,400,000	514,400,000
10,000 (March 31, 2016: 10,000) 4 % - Non Cumulative Redeemable Preference Shares of ₹ 10/- each	100,000	100,000
3,256,000 (March 31, 2016: 3,256,000) 10.5 % - Non Cumulative Redeemable Preference Shares of ₹ 100/- each	325,600,000	325,600,000
	<b>840,100,000</b>	<b>840,100,000</b>

#### Issued, Subscribed & Paid-up:

21,663,937 (March 31 2016: 21,663,937) Equity Shares of ₹ 10/- each fully paid up	216,639,370	216,639,370
	<b>216,639,370</b>	<b>216,639,370</b>

#### a) Share Capital Reconciliation

	March 31, 2017		March 31, 2016	
	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>21,663,937</b>	<b>216,639,370</b>	<b>21,663,937</b>	<b>216,639,370</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. During the year, no Dividend has been paid as Interim Dividend (March 31, 2016: ₹ 2.50 per share) and final dividend amounting to ₹ 3 per share (March 31, 2016: ₹ 0.50 per share) has been proposed for distribution to equity shareholders. 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 the number of equity shares held by the shareholders.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

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

Equity Shares of ₹ 10 each fully paid up	March 31, 2017		March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Payel Seth	4,413,635	20.37	4,413,635	20.37
Mr. Deepak Seth	1,544,499	7.13	1,544,499	7.13
Mr. Pulkit Seth	6,947,621	32.07	6,947,621	32.07
Mr. Pallak Seth	1,317,646	6.08	1,317,646	6.08

## d) For a period of 5 years immediately preceeding 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, 2017 No. of Shares	March 31, 2016 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)	<u>2,163,594</u>	<u>2,163,594</u>

(Amount in ₹)

## NOTE 4 : RESERVES AND SURPLUS

### Share Premium

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	(A)	<u>1,710,389,823</u>	<u>1,710,389,823</u>

### Capital Reserve on Reconstruction

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)	<u>62,594,738</u>	<u>62,594,738</u>

### Foreign Currency Translation Reserve

Balance at the beginning of year		168,819,483	172,559,854
Add:- Addition during the year		(1,102,153)	7,584,347
Less:- Utilised during the year		101,095,018	11,324,719
Balance at the end of year	(C)	<u>66,622,312</u>	<u>168,819,482</u>

### Capital Redemption Reserve

Balance at the beginning of year		9,500,000	9,500,000
Add:- Addition during the year		-	-
Less:- Utilised during the year		-	-
Balance at the end of year	(D)	<u>9,500,000</u>	<u>9,500,000</u>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

		(Amount in ₹)	
		As At March 31, 2017	As At March 31, 2016
<b>NOTE 4 : RESERVES AND SURPLUS</b>			
<b>Hedging Reserve (Refer Note 33)</b>			
Balance at the beginning of year		21,506,323	25,717,846
Add:- Addition during the year		112,026,973	-
Less:- Utilised during the year		21,506,323	4,211,523
Balance at the end of year	(E)	<b>112,026,973</b>	<b>21,506,323</b>
<b>Investment Revaluation Reserve</b>			
Balance at the beginning of year		20,633,116	24,124,235
Add:- Addition during the year		8,251,961	14,011,556
Less:- Utilised during the year		6,353,876	17,502,675
Balance at the end of year	(F)	<b>22,531,201</b>	<b>20,633,116</b>
<b>Revaluation Reserve</b>			
Balance at the beginning of year		39,296,855	39,296,855
Add:- Addition during the year		22,171,454	-
Less:- Utilised during the year		39,296,855	-
Balance at the end of year	(G)	<b>22,171,454</b>	<b>39,296,855</b>
<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)	<b>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 year		775,944,478	493,018,600
Add:- Transfer from minority on change in Shareholding		-	(5,490,663)
Add:- Profit/(Loss) for the year		335,071,566	366,639,385
- Remeasurement of Define Benefits Plan & Tax		270,507	-
Less:- Utilized during the year:			-
- Final Dividend for the year Nil (March 31, 2016: ₹ 0.50)]		-	(10,831,969)
- Interim Dividend paid during the year: Nil (March 31, 2016: Per share ₹ 2.50)		-	(54,159,843)
- Dividend Distribution Tax on Interim & Proposed Dividend		-	(13,231,033)
Balance at the end of year	(I)	<b>1,111,286,552</b>	<b>775,944,478</b>
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G+H+I)</b>		<b>3,537,559,103</b>	<b>3,229,120,866</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
<b>NOTE 5: DEFERRED REVENUE GRANT</b>		
Balance at the beginning of the year	-	-
Add:- Addition during the year	1,500,000	-
Less:- Amortised during the year	241,667	-
Balance at the end of the year	<b>1,258,333</b>	<b>-</b>

	(Amount in ₹)			
	Non-Current		Current Maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>NOTE 6 : LONG-TERM BORROWINGS</b>				
<b>Term Loans (Secured)</b>				
From Banks				
- Corporate Loan	213,738,434	118,816,634	70,265,920	55,362,341
- Vehicle Loans	13,306,789	14,426,719	5,068,224	5,850,722
- Loan in Functional Currency	132,062,364	47,641,432	41,950,394	20,436,110
From Financial Institutions				
- Vehicle Loans	7,178,958	12,316,542	5,137,403	5,068,061
	366,286,545	193,201,327	122,421,941	86,717,234
Less: Amount disclosed under "Other Current Liabilities"	-	-	(122,421,941)	(86,717,234)
<b>(Refer Note 7)</b>	<b>366,286,545</b>	<b>193,201,327</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)**

- 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.
- 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.
- 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 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Beyond FY 2019-20</b>
	Term loan from banks are repayable in monthly/quarterly/yearly installments	70,265,920	38,696,605	34,466,596	140,575,233
	Vehicle loans from banks are repayable in monthly installments	10,205,627	10,801,612	7,184,242	2,499,894

**- 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, 2017

(Amount in ₹)

<b>NOTE 7 : OTHER LIABILITIES</b>	<b>Non-Current</b>		<b>Current</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Trade Payables</b>				
Amount due to Micro & Small Enterprises ( <b>Refer Note 'a'</b> )				
- Principal Amount	-	-	23,639,255	10,193,492
- Interest Payable on Outstanding Amount	-	-	-	-
Amount Due to Others	-	-	1,676,408,308	1,775,734,245
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>1,700,047,563</b>	<b>1,785,927,737</b>
<b>Other Current Liabilities</b>				
- Statutory Liabilities	-	-	72,638,643	61,921,821
- Security Deposits	123,133,797	141,451,652	-	-
- Current Maturities of Long-term Borrowings ( <b>Refer Note 6</b> )	-	-	122,421,941	86,717,234
- Unpaid Dividend	-	-	1,526,882	1,951,961
- Other Payables	240,000,000	240,000,000	153,538,916	169,507,406
<b>(Refer Note 'b' below)</b>				
<b>(B)</b>	<b>363,133,797</b>	<b>381,451,652</b>	<b>453,498,454</b>	<b>320,098,422</b>
<b>Total (A+B) (Refer note 'c' below)</b>	<b>363,133,797</b>	<b>381,451,652</b>	<b>2,153,546,017</b>	<b>2,106,026,159</b>

(Amount in ₹)

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

	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
- Principal amount due	23,639,255	10,193,492
- Interest accrued and due on above	-	-
	<b>23,639,255</b>	<b>10,193,492</b>
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, 2017

(Amount in ₹)				
NOTE 8 : PROVISIONS	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Provisions for Employee Benefits</b>				
Gratuity (Refer Note 23)	72,887,804	52,799,471	2,743,115	1,713,146
Leave Encashment (Refer Note 23)	52,454,761	52,509,930	1,247,785	1,007,362
Other Employee Benefit (Refer Note 23)	19,598,344	13,959,679	-	-
<b>Other Provisions</b>				
Provision for Equalised Rent	13,156,850	5,116,070	75,187	56,424
Proposed Dividend	-	-	-	10,831,969
Provision for Tax on Proposed Dividend	-	-	-	2,205,172
<b>Total</b>	<b>158,097,759</b>	<b>124,385,150</b>	<b>4,066,087</b>	<b>15,814,073</b>

(Amount in ₹)			
NOTE 9 : SHORT TERM BORROWINGS	As At		As At
	March 31, 2017		March 31, 2016
<b>Loan From Banks (Secured)</b>			
Working Capital Loans			
- Loan in functional currency		2,029,634,617	1,886,202,290
- Foreign Currency Loan		-	814,524
<b>Total Short Term Borrowings</b>		<b>2,029,634,617</b>	<b>1,887,016,814</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 ₹ 10,177,084 (March 31 2016 ₹ 7,947,158)
- 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.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in ₹)

Gross Block							Depreciation/ Amortization						Net Block	
Description of Assets	As At 1-Apr-16	Additions during the year	Deductions during the year	Foreign Exchange Fluctuation on account of translation	Adjustment on account of revaluation (refer note ( c ) below)	As At 31-Mar-17	As At 1-Apr-16	Additions during the year	Deductions/ Adjust-ments	Foreign Exchange Fluctuation on account of transla-tion	Adjustment on account of revaluation (refer note ( c ) below)	As At 31-Mar-17	As At 31-Mar-17	As At 31-Mar-16
<b>A. Tangible Assets</b>														
Land Freehold	477,639,049	1,066,500	-	(272,569)	(45,229,131)	433,203,849	-	-	-	-	-	-	433,203,849	477,639,049
Land Leasehold	24,580,255	2,916,957	-	(79,672)	-	27,417,540	7,464,553	2,438,674	-	(117,397)	-	9,785,830	17,631,709	17,115,701
Building	943,217,633	200,001,783	-	(2,530,598)	5,932,276	1,146,621,093	215,240,382	25,798,690	-	(2,062,928)	2,716,887	241,693,031	904,928,063	727,977,251
Plant & Machinery	1,516,519,343	441,992,728	22,914,748	(30,727,330)	-	1,904,869,994	859,132,705	130,992,341	16,498,119	(19,889,952)	-	953,736,975	951,133,018	657,386,638
Vehicles	130,741,022	9,014,113	2,371,819	(994,355)	-	136,388,960	41,530,834	17,119,887	2,217,994	(628,323)	-	55,804,403	80,584,557	89,210,187
Furniture & Fixtures	168,679,379	28,853,901	-	(2,025,477)	-	195,507,803	106,177,478	15,792,130	-	(1,563,049)	-	120,406,559	75,101,244	62,501,902
<b>Sub Total</b>	<b>3,261,376,680</b>	<b>683,845,982</b>	<b>25,286,568</b>	<b>(36,630,000)</b>	<b>(39,296,855)</b>	<b>3,844,009,239</b>	<b>1,229,545,952</b>	<b>192,141,722</b>	<b>18,716,113</b>	<b>(24,261,649)</b>	<b>2,716,887</b>	<b>1,381,426,799</b>	<b>2,462,582,440</b>	<b>2,031,830,728</b>
<b>B. Intangible Assets</b>														
Goodwill	56,067,991	-	-	-	-	56,067,991	-	-	-	-	-	-	56,067,991	56,067,991
Software	107,166,698	12,240,438	-	-	-	119,407,136	99,151,665	3,831,811	-	-	-	102,983,476	16,423,660	8,015,033
<b>Sub Total</b>	<b>163,234,689</b>	<b>12,240,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,475,127</b>	<b>99,151,665</b>	<b>3,831,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,983,476</b>	<b>72,491,651</b>	<b>64,083,024</b>
<b>C. Capital Work-in-progress</b>														
CWIP ( Refer note ( a ) below)	110,361,235	314,083,291	266,141,867	(2,160,871)	-	156,141,788	-	-	-	-	-	-	156,141,788	110,361,235
<b>Sub Total</b>	<b>110,361,235</b>	<b>314,083,291</b>	<b>266,141,867</b>	<b>(2,160,871)</b>	<b>-</b>	<b>156,141,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,141,788</b>	<b>110,361,235</b>
<b>Grand Total (A+B+C)</b>	<b>3,534,972,604</b>	<b>1,010,169,711</b>	<b>291,428,435</b>	<b>(38,790,871)</b>	<b>(39,296,855)</b>	<b>4,175,626,154</b>	<b>1,328,697,617</b>	<b>195,973,533</b>	<b>18,716,113</b>	<b>(24,261,649)</b>	<b>2,716,887</b>	<b>1,484,410,275</b>	<b>2,691,215,879</b>	<b>2,206,274,987</b>
March 31, 2016	3,320,962,150	243,876,048	74,835,418	44,969,824	-	3,534,972,604	1,161,521,574	168,642,317	26,460,755	24,994,480	-	1,328,697,617	2,206,274,987	2,159,440,576

## NOTE 10 : FIXED ASSETS

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

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

(Amount in ₹)

Particulars	As at March 31st, 2017	As at March 31st, 2016
i) CWIP- Pre-operative Expenses	568,035	477,267
ii) CWIP- Building	51,550,589	85,320,191
iii) CWIP- Leasehold Improvement	21,619,809	-
iv) CWIP- Plant & Machinery	82,070,061	21,019,012
v) CWIP- Furniture & Fixture	-	144,115
vi) CWIP- Others	333,293	3,400,650
<b>Total</b>	<b>156,141,787</b>	<b>110,361,235</b>

- 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, 2017.
- c) The opening balance of Land includes ₹ 45,229,131 on account of revaluation done on 31.03.2002 and the opening balance of Building includes ₹ 5,932,276 on account of reduction in revaluation done on 31.03.2002. However, in compliance with para 32 of revised Accounting Standard-10 "Property, Plant & Equipment" issued by the Central Government in consultation with National Advisory Committee on Accounting Standards vide notification dated March 30, 2016 the Company has adopted the option of cost model for recognition of fixed assets for entire class of property, plant and equipment. Further in accordance with para 91 of the revised Accounting standard, the Company has adjusted the existing revaluation reserve of ₹ 39,296,855 against the carrying amount of relevant items of property, plant and equipment. In Addition, Unplanned Depreciation amounting ₹ 2,716,887 has been charged to Statement of profit & Loss.
- d) The Cost of CWIP-Building include ₹ 6,768,002 (March 31, 2016: ₹ 993,055) being borrowing cost capitalised in accordance with Accounting Standard AS-16 on "Borrowing Cost" as specified in the Companies (Accounting Standard) Rules 2006.
- e) The above assets includes Gross Block of Land of ₹ 15,954,319 (March 31, 2016 : ₹ 15,954,319) & Gross Block of Building of ₹ 23,434,599 (March 31, 2016 : ₹ 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 2016-17 due to pending receipt of license from the concerned authority.

(Amount in ₹)

<b>NOTE 11 : NON-CURRENT INVESTMENTS</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</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 (37 units of 2 grams each)	162,914	115,664
<b>(A)</b>	<b>166,914</b>	<b>119,664</b>
<b>Trade Investments in Equity Instruments in Others- Quoted</b>		
PDS Multinational Fashions Limited, India		
50,000 (March 31, 2016: 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>666,914</b>	<b>619,664</b>

- a) Aggregate book value of quoted investment is ₹ 500,000 (March 31, 2016: ₹ 500,000)
- b) Aggregate market value of quoted investment is ₹ 8,451,250 (March 31, 2016: ₹ 9,055,000)
- c) Aggregate book value of unquoted investment is ₹ 166,914 (March 31,2016: ₹ 119,664)
- d) National Saving Certificates are pledged with Sales Tax Authorities.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

		(Amount in ₹)	
<b>NOTE 12 : DEFERRED TAX (LIABILITIES)/ASSETS</b>		<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
<b>Deferred Tax Liabilities</b>			
- Impact of difference between tax depreciation as per Income Tax Act and depreciation/amortization charged for financial reporting		100,749,847	83,780,644
- Others		721,950	1,389,898
<b>Gross Deferred Tax Liability</b>	<b>(A)</b>	<b><u>101,471,797</u></b>	<b><u>85,170,542</u></b>
<b>Deferred Tax Assets</b>			
- Unabsorbed depreciation/losses to be carried forward as per Income Tax Act		77,132,902	88,231,169
- Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		39,945,225	34,566,559
- Others		1,620,222	1,156,198
<b>Gross Deferred Tax Assets</b>	<b>(B)</b>	<b><u>118,698,349</u></b>	<b><u>123,953,926</u></b>
<b>Net Deferred Tax (Liabilities)/ Assets</b>	<b>(B-A)</b>	<b><u>17,226,551</u></b>	<b><u>38,783,384</u></b>

		(Amount in ₹)			
<b>NOTE 13 : LOANS AND ADVANCES</b>		<b>Non-Current</b>		<b>Current</b>	
(Unsecured, considered good)		<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Capital Advances</b>		15,529,821	29,276,621	-	-
	<b>(A)</b>	<b><u>15,529,821</u></b>	<b><u>29,276,621</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Security Deposits</b>		163,195,826	137,996,328	121,685,559	111,862,977
	<b>(B)</b>	<b><u>163,195,826</u></b>	<b><u>137,996,328</u></b>	<b><u>121,685,559</u></b>	<b><u>111,862,977</u></b>
<b>Loan and Advances to Related Parties (Refer Note 33)</b>					
(Unsecured, considered good)		-	-	35,071,186	33,981,262
	<b>(C)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>35,071,186</u></b>	<b><u>33,981,262</u></b>
<b>Advances Recoverable in cash or in Kind</b>					
	<b>(D)</b>	<b><u>4,697,353</u></b>	<b><u>5,962,792</u></b>	<b><u>59,412,736</u></b>	<b><u>51,900,439</u></b>
<b>Other Loans and Advances</b>					
Advance Tax [Net of Provisions ₹ 283,405,849 (March' 31 2016: ₹ 248,420,393)]		53,491,811	35,821,759	-	-
MAT Credit Entitlement		19,432,016	-	-	-
Prepaid Expenses				21,691,179	
Balance with Government Authorities		26,597,873	33,568,688	-	-
Others		194,020,982	474,373	213,537,455	189,269,921
	<b>(E)</b>	<b><u>293,542,683</u></b>	<b><u>69,864,820</u></b>	<b><u>235,228,634</u></b>	<b><u>189,269,921</u></b>
<b>Total Loans &amp; Advances (A+B+C+D+E)</b>		<b><u>476,965,683</u></b>	<b><u>243,100,561</u></b>	<b><u>451,398,115</u></b>	<b><u>387,014,600</u></b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
<b>NOTE 14 : CURRENT INVESTMENTS</b>		
<b>Quoted Investment in Mutual Fund (Measured at fair value)</b>		
HDFC FMP Regular Growth NIL units of Face Value of ₹ 10 per unit (March 31, 2016: 800,000 units of Face Value of ₹ 10 per unit)	-	10,173,120
BSL FTP Corporate Bond 1,000,000 Units Face Value of ₹ 10 per unit (March 31, 2016: 1,000,000 units of Face Value of ₹ 10 per unit)	13,493,700	12,466,400
HSBC Fixed Term Series 109 Super Growth 1,500,000 Units of Face Value of ₹ 10 per unit (March 31, 2016: 1,500,000 units of Face Value ₹ 10 per unit)	19,151,400	17,630,250
HDFC Cash Management 83,379.66 Units of Face Value of ₹ 10 per unit (March 31, 2016: 215,802.941 units of Face Value of ₹ 10 per unit)	1,509,797	5,620,329
Birla Sunlife Interval Income 400,000 Units of Face Value of ₹ 10 per unit (March 31, 2016: 400,000 units of Face Value of ₹ 10 per unit)	5,425,680	5,039,120
Birla Sunlife Fixed Term Plan 2,000,000 Units of Face Value of ₹ 10 per unit (March 31, 2016: 2,000,000 units of Face Value of ₹ 10 per unit)	25,479,400	23,624,600
Franklin India Corporate Bond 702,286.65 Units of Face Value of ₹ 10 per unit (March 31, 2016: 702,286.65)	12,158,689	10,573,838
Edelweiss Arbitrage Fund Growth 13,114.5430 units of Face Value of ₹ 10 per unit (March 31, 2016: 2,753,303.97)	1,600,161	31,550,936
Reliance -Dual Advantage Fixed Tenure Fund Nil units of Face Value of ₹ 10 per unit (March 31, 2016: 3,000,000)	-	34,496,700
ICICI Pru Equity Arbitrage Fund Regular 504,149.36 units of Face Value of ₹ 10 per unit (March 31, 2016: 665,509.70)	10,965,652	13,590,307
UTI Short Term Income Fund 924,908.95 units of Face Value of ₹ 10 per unit (March 31, 2016: 924,908.95)	18,441,297	16,802,543
ICICI Pru Corporate Bond 462,943.67 units of Face Value of ₹ 10 per unit (March 31, 2016: 462,943.67)	11,744,140	10,664,972
Principal balances Fund - Regular Plan Growth 82349.7690 units of Face Value of ₹ 10 per unit (March 2016: Nil)	5,337,912	-
	<b>125,307,828</b>	<b>192,233,116</b>
	<b>125,307,828</b>	<b>192,233,116</b>
Aggregate book value of quoted investment is ₹ 125,307,828 (March 31, 2016: ₹ 192,233,116)		
Aggregate market value of quoted investment is ₹ 125,307,828 (March 31, 2016: ₹ 192,333,116)		

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in ₹)

## NOTE 15 : INVENTORIES

(as taken, valued & certified by Management)

	As At March 31, 2017	As At March 31, 2016
Raw Materials	1,180,606,046	820,875,095
Goods in Transit (Raw Material)	9,026,923	15,681,258
Work In Progress	524,804,397	549,036,281
Finished Goods	404,584,871	326,075,145
Stores, Spares and Others	17,663,252	26,271,802
	<b><u>2,136,685,490</u></b>	<b><u>1,737,939,580</u></b>

(Amount in ₹)

## NOTE 16 : TRADE RECEIVABLES & OTHER ASSETS

### Non-Current

### Current

	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
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(Unsecured, considered good unless stated otherwise)

### 16.1 - Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment

- Unsecured, considered Good	7,702,567	7,702,567	4,108,589	1,500,918
- Unsecured, considered Doubtful	13,779,375	22,188,838	4,126,166	5,698,441
	21,481,942	29,891,405	8,234,755	7,199,360
Less: Provision for Doubtful Receivables	13,779,375	22,188,838	4,126,166	5,698,441
(A)	<b><u>7,702,567</u></b>	<b><u>7,702,567</u></b>	<b><u>4,108,589</u></b>	<b><u>1,500,918</u></b>

### Other Receivables

- Unsecured, considered Good	-	-	1,692,258,651	1,910,893,497
(B)	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,692,258,651</u></b>	<b><u>1,910,893,497</u></b>
<b>Total (A+B)</b>	<b><u>7,702,567</u></b>	<b><u>7,702,567</u></b>	<b><u>1,696,367,240</u></b>	<b><u>1,912,394,415</u></b>

### 16.2 - Other Assets

#### Non-Current Bank Balances (Refer Note 17)

Fixed Deposit with Banks	13,779,375	22,188,838	-	-
<b>Others</b>				
Interest Accrued But Not Due	94,340	3,597,468	5,808,962	5,845,944
Export Incentive Receivable	-	-	225,464,029	177,772,142
Others	-	-	17,519,548	5,102,287
<b>Total</b>	<b><u>13,873,715</u></b>	<b><u>25,786,306</u></b>	<b><u>248,792,540</u></b>	<b><u>188,720,373</u></b>



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in ₹)				
<b>NOTE 17 : CASH &amp; BANK BALANCES</b>		<b>Non-Current</b>		<b>Current</b>
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Cash &amp; Cash Equivalents</b>				
Balances with Banks :				
In Current Accounts	-	-	273,089,234	462,514,815
In Unpaid Dividend Account	-	-	1,526,882	1,951,961
Cash on hand	-	-	262,923,613	61,675,492
Cheques & Drafts on hand	-	-	72,982,598	45,772,527
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>610,522,326</b>	<b>571,914,795</b>
<b>Other Balances</b>				
Deposits with original maturity of more than 12 months	13,779,375	22,188,838	-	-
Deposits with original maturity of more than 3 months but less than 12 months	-	-	223,154,027	385,446,431
Balances with bank held as margin money or security against borrowing	-	-	<b>245,691,442</b>	<b>350,167,217</b>
	<b>13,779,375</b>	<b>22,188,838</b>	<b>468,845,469</b>	<b>735,613,648</b>
Less: Amount disclosed under non-current assets	13,779,375	22,188,838	-	-
<b>(Refer Note 16.2) (B)</b>	<b>-</b>	<b>-</b>	<b>468,845,469</b>	<b>735,613,648</b>
<b>Total (A+B)</b>	<b>-</b>	<b>-</b>	<b>1,079,367,795</b>	<b>1,307,528,443</b>

a) **In case of domestic companies:-** Deposits of ₹ 144,341,198 (March 31 2016: ₹ 98,794,022) are pledged as security with various banks.

b) **In case of Foreign Subsidiary (i.e. Norp Knit Industries Limited) :-** Deposits of ₹ 245,691,442 (March 31 2016: ₹ 350,167,217) are pledged as security with banks.

(Amount in ₹)		
<b>NOTE 18 : REVENUE FROM OPERATIONS</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
Sale of Products (Refer Note 'a' below)	14,522,353,343	13,492,272,214
Export Incentives	606,750,021	434,017,806
Job Receipts	7,749,418	5,167,464
Other Operating Revenues	105,027,735	2,704,521
<b>Total</b>	<b>15,241,880,517</b>	<b>13,934,162,005</b>
<b>a) Details of Products Sold</b>		
Manufacturing - Garments	6,539,699,440	7,018,188,062
Traded - Garments & Accessories	7,714,850,150	6,249,750,799
Traded - Fabric	225,872,573	206,492,780
Others	41,931,179	17,840,573
	<b>14,522,353,343</b>	<b>13,492,272,214</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 19 : OTHER INCOME</b>		
Interest Income		
- On Fixed Deposits with Banks	17,520,082	22,521,122
- On Income Tax Refund	-	5,185,926
- Others	6,226,507	3,796,139
Rental Income	100,962,893	98,378,335
Profit/Loss from trading of Mutual Funds	17,775,326	25,943,725
Provision for Doubtful Debts Written Back	2,004,339	9,013,016
Excess provision for Wealth Tax Written back	300,000	-
Foreign Exchange Fluctuation	61,426,243	-
Miscellaneous Income	64,992,254	86,987,088
	<b>271,207,644</b>	<b>251,825,351</b>

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 20 : COST OF RAW MATERIAL CONSUMED</b>		
Balance of Raw Material at the beginning of the Year	820,875,095	795,527,765
Add: Impact of Exchange Fluctuation & Reinstatement (Net)	(21,544,299)	15,932,637
Add:- Purchases during the year	6,843,952,742	6,222,628,379
Less: Cost of Goods Sold	75,636,419	182,212,983
	7,567,647,119	6,851,875,798
Less:- Balance of Raw Material at the end of the Year	1,180,606,046	820,875,095
<b>Total</b>	<b>6,387,041,073</b>	<b>6,031,000,703</b>

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 21 : PURCHASE OF TRADED GOODS</b>		
Finished Goods Purchased	1,666,676,863	1,834,010,388
	<b>1,666,676,863</b>	<b>1,834,010,388</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 22 : (INCREASE) / DECREASE IN INVENTORIES</b>		
<b>Changes in inventories of finished goods</b>		
Opening Stock	326,075,145	444,554,157
Add: Impact of Exchange Fluctuation & Reinstatement (Net)	(3,335,508)	3,375,659
Less: Closing Stock	404,584,871	326,075,145
	<b>(81,845,235)</b>	<b>121,854,671</b>
<b>Changes in inventories of work-in-progress</b>		
Opening Stock	549,036,281	478,193,859
Add: Impact of Exchange Fluctuation & Reinstatement (Net)	(14,659,051)	15,172,814
Less: Closing Stock	524,804,397	549,036,281
	<b>9,572,832</b>	<b>(55,669,608)</b>
	<b>(72,272,403)</b>	<b>66,185,063</b>
		(Amount in ₹)
<b>NOTE 23 : EMPLOYEE BENEFITS EXPENSE</b>	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, Wages & Bonus	2,415,625,354	1,955,390,698
Contribution to Provident and other funds	115,989,369	88,007,796
Staff Welfare Expenses	21,012,885	19,772,489
	<b>2,552,627,608</b>	<b>2,063,170,983</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) 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 Labour Welfare Fund.

During the year, the Company recognized ₹ 55,777,549 (March 31, 2016: ₹ 40,130,096) for PF contribution, ₹ 20,322,873 (March 31, 2016: ₹ 12,951,231) for ESI & ₹ 2,573,862 (March 31, 2016: ₹ 2,048,299) 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' 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

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

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 (Amount in ₹)

Particulars	As at March 31, 2017			As at March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Defined benefit obligation at beginning of the year	42,235,180	9,903,223	16,421,813	29,921,528	6,378,849	18,564,741
Adjustment in opening obligation	-	-	-	-	-	(405,329)
Interest Cost	3,378,814	792,257	1,313,745	2,393,722	510,308	1,452,753
Service Cost	8,609,521	6,750,613	7,501,795	5,887,142	4,614,056	5,559,330
Benefits Paid	(3,183,405)	(2,769,647)	(12,505,153)	(7,076,646)	(1,311,688)	(8,716,407)
Actuarial Gain / Loss on obligations	878,187	(746,055)	3,000,419	11,109,434	(288,302)	(33,275)
Defined benefit obligations at year end	51,918,297	13,930,391	15,732,619	42,235,180	9,903,223	16,421,813

#### b) Reconciliation of opening and closing balances of fair value of Plan Assets (Amount in ₹)

Particulars	As at March 31, 2017			As at March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Fair value of plan assets at beginning of the year	16,472,357	N.A	N.A	10,044,879	N.A	N.A
Difference amount in Opening Fund	1,400,150			2,550,405		
Expected Return on plan assets	-	-	-	1,070,599	-	-
Contribution	(3,183,405)	-	-	10,075,604	-	-
Benefits Paid	(233,688)	-	-	(7,076,646)	-	-
Actuarial gain/(loss) on plan assets	-	-	-	(192,484)	-	-
Fair value of plan assets at the year end	14,455,414	N.A	N.A	16,472,357	N.A	N.A

#### c) Reconciliation of fair value of Plan Assets and Obligations (Amount in ₹)

Particulars	As at March 31, 2017			As at March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Fair Value of plan assets as at the end of the period	14,455,414	-	-	16,472,357	-	-
Present Value of Obligation	51,918,297	13,930,391	15,732,619	42,235,180	9,903,223	16,421,813
Net assets/(liability) recognized in balance sheet	(37,462,883)	(13,930,391)	(15,732,619)	(25,762,823)	(9,903,223)	(16,421,813)

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Particulars	(Amount in ₹)			(Amount in ₹)		
	As at March 31, 2015			As at March 31, 2014		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Fair Value of plan assets as at the end of the period	10,044,879	-	-	11,477,707	-	-
Present Value of Obligation	29,921,528	6,378,849	18,564,741	28,494,107	4,470,333	12,826,854
Net assets/(liability) recognized in balance sheet	(19,876,649)	(6,378,849)	(18,564,741)	(17,016,400)	(4,470,333)	(12,826,854)

Particulars	(Amount in ₹)			(Amount in ₹)		
	As at March 31, 2013			As at March 31, 2013		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Fair Value of plan assets as at the end of the period	10,459,499	-	-	10,459,499	-	-
Present Value of Obligation	25,093,886	5,795,023	12,950,733	25,093,886	5,795,023	12,950,733
Net assets/(liability) recognized in balance sheet	(14,634,387)	(5,795,023)	(12,950,733)	(14,634,387)	(5,795,023)	(12,950,733)

## d) Expense recognized during the year

Particulars	(Amount in ₹)			(Amount in ₹)		
	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Current Service Cost	8,609,521	6,750,613	7,501,795	5,887,142	4,614,056	5,559,330
Interest Cost	3,378,814	792,257	1,313,745	2,393,722	510,308	1,452,753
Past Service Cost	-	-	-	-	-	-
Expected return on plan assets	(1,400,150)	-	-	(1,070,599)	-	-
Actuarial (gain)/loss	1,111,875	(746,055)	3,000,419	11,301,918	(288,302)	(33,275)
Net Cost	11,700,060	6,796,815	11,815,959	18,512,183	4,836,062	6,978,808

## e) Actuarial Assumptions

Particulars	(Amount in ₹)			(Amount in ₹)		
	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Discount Rate (per annum)	7.50%	7.35%	7.35%	8.00%	8.00%	8.50%
Future increase in compensation	6.00%	5.50%	5.50%	6.00%	5.50%	5.50%
In Service Mortality	IALM-2006-08	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%

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

### 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 Labor Law No.13/2003 dated March 25, 2003. The benefits are unfunded.
- b) As of March 31, 2017, the liabilities for employee benefits were calculated by an independent actuary, PT Katsir Imam Sapto Aktuaria using the "Projected Unit Credit" method. Those calculation were used as the basis for March 31, 2017 reporting, in their report dated April 3, 2017, with No.129/KIS/LA/PS/04/2017.
- c) The principal assumptions used in determining employee benefits obligation as of 31 March 2017 and 2016 are as under:

Financial Assumptions	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount Rate	8.5%	9.4%
Future Salary Increase	3%	3%
No. of Employees	2,063	2,090
<b>Other Assumptions</b>		
Mortality rate	CSO' 88	CSO' 88
Disability rate	10%	10%
Normal retirement age	55 years	55 years

- 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, 2017	As At March 31, 2016
Present value of obligation	19,598,344	13,959,679
<b>Net Liability in Balance Sheet</b>	<b>19,598,344</b>	<b>13,959,679</b>
Amount Recognized in Income Statement	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Service Cost	4,375,341	2,767,845
Interest Cost	2,330,505	1,796,353
<b>Expenses recognized in the Income Statement</b>	<b>6,705,847</b>	<b>4,564,199</b>



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Comprehensive Income</b>		
At the beginning of the year	8,482,176	6,842,502
Other comprehensive expenses in Current year	515,922	1,157,333
Difference in Foreign Exchange	211,212	482,342
<b>At the end of the year</b>	<b>9,209,310</b>	<b>8,482,176</b>
<b>Movement in the liability recognized in Balance sheet</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
At the beginning of the year	13,959,679	9,980,351
Charge to Income statement	6,705,847	4,564,199
Other comprehensive expenses	(515,922)	-1,157,333
Actual Benefit Paid	(31,130)	(68,275)
Foreign Currency Translation Reserve	(520,130)	640,737
<b>At the end of the year</b>	<b>19,598,344</b>	<b>13,959,679</b>

(III) In the case of Norp Knit Industries Limited:- The provision for employee benefits of ₹ 62,207,572 (March 31, 2016: ₹ 18,846,571) has been estimated on the basis of Management Calculation.

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 24 : FINANCE COSTS</b>		
Interest Expense	156,440,932	113,580,675
Interest on Directors Loan	-	28,834
Interest on Delayed Payment of Tax	628,326	2,289,903
Other Borrowing Costs	54,490,858	89,600,279
	<b>211,560,115</b>	<b>205,499,691</b>

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 25 : OTHER EXPENSES</b>		
Manufacturing Expenses	1,855,474,008	1,562,742,450
Consumption of Stores & Spare Parts	139,134,170	92,905,097
Power & Fuel	201,964,271	177,358,789
Rent	213,487,463	158,445,801
Repair & Maintenance		
- Buildings	225,544	217,979
- Plant & Machinery	27,507,940	15,249,367
- Others	61,073,409	62,982,587
Legal & Professional	168,314,389	63,059,012
Marketing & Sales Promotion	267,230,255	268,894,204
Payment to the Auditors (Refer Note 'a' below)	5,803,163	4,409,416

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>NOTE 25 : OTHER EXPENSES</b>		
Foreign Exchange Fluctuation	-	13,850,056
Commission Expense	93,810,679	39,778,169
Packing, Clearing & Forwarding Charges	352,874,990	218,302,240
Communication Expenses	61,363,308	66,602,019
Freight Outward	16,461,471	77,406,232
Travelling & Conveyance	133,495,508	95,721,050
Miscellaneous Expenses	552,511,733	415,980,846
	<b>4,150,732,302</b>	<b>3,333,905,314</b>
<b>a) Payment to Auditors</b>		
<b>As Auditor:</b>		
- Audit Fees	4,331,496	2,776,945
- Tax Audit Fees	310,000	310,000
- Company Law Matter	-	10,000
<b>In other Capacity:</b>		
- Other Matters	300,000	728,810
- Reimbursement of Expenses	548,187	272,947
- Service Tax	313,480	310,714
	<b>5,803,163</b>	<b>4,409,416</b>
<b>b) Prior Period Expenditure</b>		
Commission	6,989,891	-
Processing & Subcontracting	516,120	237,034
Rates & Taxes	-	1,120,790
Legal & Professional	532,238	-
Travelling & Conveyance	363,155	318,411
Repair & Maintenance	56,587	-
Incentive to Employees	390,695	-
Staff welfare	120,671	-
Others	237,367	283,811
	<b>9,206,724</b>	<b>1,960,046</b>
		(Amount in ₹)
<b>NOTE 26 : EXCEPTIONAL ITEMS</b>	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(loss) on Sale of Fixed Assets	496,022	(10,914,169)
	<b>496,022</b>	<b>(10,914,169)</b>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2015
<b>NOTE 27 : EARNINGS PER SHARE (EPS)</b>		
Profit/(Loss) attributable to the equity shareholders	335,071,566	366,639,385
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>15.47</b>	<b>16.92</b>

## NOTE 28 : 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 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 ₹ 778,080,000 (March 31, 2016: USD 12,000,000 equivalent to ₹ 795,960,000)
- To Standard Chartered Bank, Bangladesh Branch for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for BDT 900,000,000 equivalent to ₹ 711,000,000 (March 31, 2016: BDT 643,250,000 equivalent to ₹ 643,250,000)

ii) Export Bills Discounted with banks ₹ 284,233,648 (March 31, 2016: ₹ 452,059,126)

iii) Irrevocable letter of credit (net of margin) outstanding with banks ₹ 731,814,611.45 (March 31, 2016: ₹ 620,416,450)

iv) Bank Guarantee given to government authorities ₹ 22,725,000 (March 31, 2016: ₹ 42,738,000)

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, 2016: ₹ 100,000), for others ₹ 50,000 (March 31, 2016: ₹ 50,000).

vi) As per the order dated 13th July, 2016 issued by Hon'ble Madras High Court, minimum wages shall be paid to the employees retrospectively from December 2014 to June 2016. However, the management is of the view that the wages have to be paid only to the employees working presently in the company and also no PF & ESI is required to be deducted. Accordingly, the minimum wages, ESI and PF of past employees of ₹ 2,88,51,256, ₹ 8,06,864 and ₹ 69,24,500 respectively has not been recorded in books of account. Further, Company has also not accounted for the PF contribution of INR 65,32,566 and ESI contribution of ₹ 12,87,517 due on the wage arrears paid to the present employees during the year ended March 31, 2017

vii) 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, 2016: 7,347,870)
- Tax Demand as per Sec 143(1) of Income Tax act, 1961 (with respect to Assessment Year 2011-12) amounting to ₹ 19,745,400. (March 31, 2016: 19,745,400)
- Tax Demand as per Sec 143(1) of Income Tax act, 1961 (with respect to Assessment Year 2014-15) amounting to ₹ 1,042,090. (March 31, 2016: 2,786,040)
- Tax Demand as per Sec 143(1) of Income Tax act, 1961 (with respect to Assessment Year 2015-16) amounting to ₹ 27,737,060. (March 31, 2016: Nil)
- 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 ₹ 419,922,130 (March 31, 2016: ₹ 407,802,240) in respect of letters of credit outstanding and ₹ 2,859,010 (March 31, 2016: ₹ 3,003,770) in respect of bank guarantee.

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

The contingent liability of Pearl Global (HK) Limited is ₹ 153,403,400 (March 31, 2016: ₹ 327,681,144) in respect of irrevocable letters of credit.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

## (II) Capital Commitments

(Amount in ₹)

	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	<b>9,303,698</b>	<b>88,434,642</b>

## NOTE 29: 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, 2017	% of voting power held as at March 31, 2016
Norp Knit Industries Limited	Bangladesh	99.99%	99.99%
Pearl Apparel Fashions Limited (Formerly Lerros Fashions India Limited)	India	100.00%	100.00%
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:

Name of the Enterprises	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2017	% of voting power held as at March 31, 2016
DSSP Global Limited	08.11.2012	Hong Kong	100.00%	100.00%
Prudent Fashions Limited	02.03.2017	Bangladesh	97.50%	nil
Pearl Grass Creations Limited	11.07.2016	Hong Kong	51.00%	nil
Vin Pearl Global Vietnam Limited	11.07.2016	Hong Kong	80.00%	nil
Pearl Global F.Z.E.	29.8.2016	U.A.E	100.00%	nil
PGIC Investment Limited	16.08.2016	Hong Kong	100.00%	nil
A & B Investment Limited	27.10.2016	U.A.E	100.00%	nil

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

Name of the Enterprise	Country of Incorporation	% of voting power held as at March 31, 2017	% of voting power held as at March 31, 2016
PT Pinnacle Apparels	Indonesia	69.91%	69.91%

## NOTE 30: 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 44.69% (March 31, 2016: 46.39%) i.e. ₹ 6,761,321,537 (March 31, 2016: ₹ 6,460,530,963) of total sales of ₹ 15,129,103,364 (March 31, 2016 : ₹ 10,194,676,054)

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

## NOTE 31: GOODWILL/(CAPITAL RESERVE) OUTSTANDING ON ACQUISITION OF SUBSIDIARIES

(Amount in ₹)

Name of the Enterprises	As At March 31, 2017	As At March 31, 2016
Norp Knit Industries Limited	33,555,837	33,555,837
M/s Pearl Apparel Fashions Limited ( Formerly known as M/s Lerros Fashions India Limited )	22,512,154	22,512,154

## NOTE 32: SEGMENT REPORTING:

For the year ended March 31, 2017, the company has identified geographical segments as its primary segment and business segment as its secondary segment, as under:

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

## Geographical Segment

(Amount in ₹)

Particulars	UK	Hong Kong	India	Others	Total	Elimination	Total
Segment Sales	-	5,147,437,503	8,367,781,826	1,613,884,035	15,129,103,364	-	15,129,103,364
	-	(3,792,556,687)	(7,465,759,057)	(2,667,974,275)	(13,926,290,019)	-	(13,926,290,019)
Inter Segment Sales	-	77,956,420	220,324,712	4,807,982,983	5,106,264,115	5,106,264,115	-
	-	-	(256,118,224)	(3,713,082,392)	(3,969,200,616)	(3,969,200,616)	-
Total Segment Sales	-	5,225,393,923	8,588,106,538	6,421,867,018	20,235,367,479	5,106,264,115	15,129,103,364
	-	(3,792,556,687)	(7,721,877,281)	(6,381,056,667)	(17,895,490,635)	(3,969,200,616)	(13,926,290,019)
Other Income	-	61,325,766	527,417,252	3,849,706	592,592,724	208,607,927	383,984,797
	-	(80,452,000)	(205,207,161)	(259,370)	(285,918,532)	(26,221,196)	(259,697,336)
Total Segment Revenue	-	5,286,719,690	9,115,523,790	6,425,716,723	20,827,960,203	5,314,872,042	15,513,088,161
	-	(3,873,008,688)	(7,927,084,442)	(6,381,316,037)	(18,181,409,167)	(3,995,421,812)	(14,185,987,355)
Total Revenue of each segment as a percentage of total revenue of all segment	-	25.38	43.77	30.85	100.00	-	-
	-	(21.30)	(43.60)	(35.10)	(100.00)	-	-
Total Segment Operative Profit	-	87,133,197	386,057,387	355,588,157	828,778,741	-	828,778,741
	-	(137,436,811)	(393,179,392)	(316,184,523)	(846,800,726)	-	(846,800,726)
Depreciation	-	2,640,123	112,197,684	83,852,549	198,690,356	-	198,690,356
	-	(1,738,256)	(100,266,600)	(66,637,328)	(168,642,184)	-	(168,642,184)
Unallocated Expenses	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	-
Total Segment Result before Interest & Taxes/ Extraordinary items	-	84,493,075	273,859,703	271,735,608	630,088,385	-	630,088,385
	-	(135,698,555)	(292,912,792)	(249,547,195)	(678,158,542)	-	(678,158,542)
Total EBIT of each segment as a percentage of total EBIT of all segment	-	13.41	43.46	43.13	100.00	-	-
	-	(20.01)	(43.19)	(36.80)	(100.00)	-	-

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in ₹)						
Particulars	UK	Hong Kong	India	Others	Total	Total
Net Financing Cost						211,560,115
						(205,499,680)
Income Tax Expenses						69,622,235
						(107,274,342)
Extraordinary Item						-
						-
Profit for the Year						348,906,035
						(365,384,521)
<b>SEGMENT ASSETS</b>	-	1,728,496,381	5,526,714,312	2,553,339,472	9,808,550,165	- 9,808,550,165
	-	(1,480,493,334)	(4,609,704,748)	(2,654,235,899)	(8,744,433,981)	- (8,744,433,981)
Segment Assets as a percentage of Total assets of all segments	-	17.62	56.35	26.03	100.00	
	-	(16.93)	(52.72)	(30.35)	(100.00)	
<b>SEGMENT LIABILITIES</b>	-	651,200,961	2,097,746,505	1,297,281,610	4,046,229,075	- 4,046,229,075
	-	(368,283,421)	(1,536,739,805)	(1,313,307,629)	(3,218,330,855)	- (3,218,330,855)
Segment Liabilities as a percentage of Total Liabilities of all segments	-	16.09	51.84	32.06	100.00	
	-	(11.44)	(47.75)	(40.81)	(100.00)	
Segment Capital Employed	-	1,077,295,421	3,428,967,807	1,256,057,862	5,762,321,090	- 5,762,321,090
	-	(1,112,209,913)	(3,072,964,943)	(1,340,928,270)	(5,526,103,127)	- (5,526,103,127)
Segment Capital Employed as a percentage of Total capital employed of all segments	-	18.70	59.51	21.80	100.00	
	-	(20.13)	(55.61)	(24.27)	(100.00)	
Capital Expenditure	-	4,039,467	514,340,715	225,647,661	744,027,843	- 744,027,843
	-	(67,391)	(158,074,357)	(83,694,742)	(241,836,490)	- (241,836,490)
Segment Capital Expenditure as a percentage of Total capital expenditure of all segments	-	0.54	69.13	30.33	100.00	
	-	(0.03)	(65.36)	(34.61)	(100.00)	
Depreciation	-	2,640,123	112,197,684	83,852,549	198,690,356	- 198,690,356
	-	(1,738,256)	(100,266,600)	(66,637,328)	(168,642,184)	- (168,642,184)

### Business Segment

(Amount in ₹)						
Particulars	Manufacturing	Marketing Distribution Sourcing & Trading	Branding & Retailing	Total Segment	Elimination	Total
External Sales	9,812,137,875	5,147,437,503	169,527,986	15,129,103,364	-	15,129,103,364
	(10,061,624,247)	(3,864,665,772)	-	(13,926,290,019)	-	(13,926,290,019)
Inter Segment Sales	5,028,307,695	77,956,420	-	5,106,264,115	5,106,264,115	-
	(3,897,091,531)	-	(72,109,085)	(3,969,200,616)	(3,969,200,616)	-
Total Segment Sales	14,840,445,570	5,225,393,923	169,527,986	20,235,367,479	5,106,264,115	15,129,103,364
	(13,958,715,778)	(3,864,665,772)	(72,109,085)	(17,895,490,635)	(3,969,200,616)	(13,926,290,019)
Other Income	530,623,621	61,325,766	643,337	592,592,724	208,607,927	383,984,797
	(203,675,094)	(80,452,000)	(1,791,437)	(285,918,532)	(26,221,196)	(259,697,336)
Total Segment Revenue	15,371,069,190	5,286,719,690	170,171,323	20,827,960,203	5,314,872,042	15,513,088,161
	(14,162,390,872)	(3,945,117,773)	(73,900,522)	(18,181,409,167)	(3,995,421,812)	(14,185,987,355)



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Particulars	(Amount in ₹)					Total
	Manufacturing	Marketing Distribution Sourcing & Trading	Branding & Retailing	Total Segment	Elimination	
Total Revenue of each segment as a percentage of total revenue of all segment	73.80 (77.89)	25.38 (21.70)	0.82 (0.41)	100.00 (100.00)		
Segment Result EBIDTA	719,428,802 (721,118,646)	87,094,081 (137,382,987)	22,255,858 11,700,906	828,778,741 (846,800,726)	-	828,778,741 (846,800,726)
Total EBIDTA of each segment as a total EBIDTA	86.81 (85.16)	10.51 (16.22)	2.69 1.38	100.00 (100.00)		
Depreciation	195,942,172 (166,794,327)	2,640,123 (1,738,256)	108,061 (109,601)	198,690,356 (168,642,184)	-	198,690,356 (168,642,184)
Unallocated Expenses						-
Total Segment Result before Interest & Taxes/ Extraordinary items	523,486,630 (554,324,319)	84,453,959 (135,644,731)	22,147,797 11,810,507	630,088,385 (678,158,542)		630,088,385 (678,158,542)
Total EBIT of each segment as a percentage of total EBIT of all segment	83.08 (81.74)	13.40 (20.00)	3.52 1.74	100.00 (100.00)		
Net Financing Cost						211,560,115 (205,499,680)
Income Tax Expenses						69,622,235 (107,274,342)
Exceptional Loss						-
Profit For the Year						348,906,035 (365,384,521)
<b>SEGMENT ASSETS</b>	8,043,519,236 (7,221,072,606)	1,728,780,714 (1,480,781,690)	36,250,215 (42,579,685)	9,808,550,165 (8,744,433,981)	-	9,808,550,165 (8,744,433,981)
Segment Assets as a percentage of total assets of all segments	82.01 (82.58)	17.63 (16.93)	0.37 (0.49)	100.00 (100.00)		
<b>SEGMENT LIABILITIES</b>	3,394,900,601 (2,849,970,485)	651,258,954 (368,306,321)	69,521 (54,049)	4,046,229,075 (3,218,330,855)	-	4,046,229,075 (3,218,330,855)
Segment Liabilities as a percentage of total liabilities of all segments	83.90 (88.55)	16.10 (11.44)	0.00 (0.00)	100.00 (100.00)		
Segment Capital Employed	4,648,618,635 (4,371,102,121)	1,077,521,761 (1,112,475,369)	36,180,694 (42,525,636)	5,762,321,090 (5,526,103,127)	-	5,762,321,090 (5,526,103,127)
Segment Capital Employed as a percentage of total capital employed of all segments	80.67 (79.10)	18.70 (20.13)	0.63 (0.77)	100.00 (100.00)		
Capital Expenditure	739,988,376 (241,769,099)	4,039,467 (67,391)	-	744,027,843 (241,836,490)		744,027,843 (241,836,490)
Segment Capital Expenditure as a percentage of total capital expenditure of all segments	99.46 (99.97)	0.54 (0.03)	-	100.00 (100.00)		
Depreciation	195,942,172 (166,794,327)	2,640,123 (1,738,256)	108,061 (109,601)	198,690,356 (168,642,184)		198,690,356 (168,642,184)

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

## NOTE 33 : 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>
	Pearl Apparel Fashions Limited (Formerly known as 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 (Formerly known as PT Norwest Industry)
	Prudent Fashions Limited
	A & B Investment Limited
	Vin Pearl Global Vietnam Limited
	Pearl Global F.Z.E.
	PGIC Investment Limited
	Pearl Grass Creations Limited (Formerly known as Pearl Tiger HK Limited)
<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
	Techno Design HK Limited (Formerly DPOD Manufacturing Limited)
	Norwest Industries Limited

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Nature of Relationship	Name of the Related Party
	<p>Poeticgem International Limited</p> <p>Multinational OSG Services Bangladesh Limited</p> <p>Nor Delhi Manufacturing Limited</p> <p>Techno Design Gmbh</p> <p>Poetic Brands Limited</p> <p>Poeticgem Limited</p> <p>PDS Trading (Shanghai) Company Limited</p> <p>Simple Approach (Canada) Limited</p> <p>Zamira Denim Lab Limited</p> <p>PG Home Group Limited</p> <p>PG Shanghai Mfg Company Limited</p> <p>Poeticgem Australia Limited (Formerly GEM Australia Manufacturing Company Limited)</p> <p>Norwest Inc.</p> <p>Sourcing Solutions Limited</p> <p>Grand Pearl Trading Company Limited</p> <p>Razamtazz Limited</p> <p>Krayon Sourcing Limited (Formerly Souring Solutions HK Limited)</p> <p>Design Arc Asia Limited [(Formerly Design Arc. Limited) ( Design Arc. Limited Formerly Nor France Manufacturing Company Ltd)]</p> <p>Nor Lanka Manufacturing Limited</p> <p>Design Arc Europe Limited (Formerly Nor Europe Manufacturing Limited)</p> <p>Kleider Sourcing Hongkong Limited</p> <p>Techno Manufacturing Limited (Formerly Sino West MFG Company Limited)</p> <p>Nor India Manufacturing Company Limited</p> <p>Spring Near East Manufacturing Company Limited</p> <p>DS Manufacturing Limited (Formerly Designed and Sourced Limited)</p> <p>FX Import Hongkong Limited</p> <p>Poetic Knitwear Limited</p> <p>Pacific Logistics Limited</p> <p>PG Home Group SPA (Formerly Pearl GES Home Group SPA)</p> <p>Nor France SAS</p> <p>Nor Lanka Manufacturing Colombo Limited</p> <p>Nor Europe SPA</p> <p>FX Import Company Limited</p> <p>MultiTech Venture Ltd(Mauritius)</p> <p>Redwood Internet Ventures Limited</p> <p>Digital Internet Technologies Limited</p> <p>Progress Manufacturing Group Ltd</p> <p>Progress Apparels(Bangladesh) Ltd</p> <p>Norlanka Progress Pvt.Ltd</p>

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Nature of Relationship	Name of the Related Party	
	Green Apparel Industries Ltd JJ Star Industrial Limited Twin Asia Limited Grupo Sourcing Limited (Hongkong) Sure Investments Limited Casa Forma London Limited Blueprint Design Limited Design Arc UK Limited Grupo Sourcing Limited Fareast Vogue Limited PDS Far-east Limited Kindred Brands Ltd (Formerly NW Far-east Limited) Styleberry Limited PDS Global Investments Limited Green Smart Shirts Limited Kleider Sourcing Limited Sourcing Solutions Limited Digital Ecom Techno Private Limited	
<b>Key Managerial Personnel (KMP)</b>	Mr. Deepak Seth Mr. Pulkit Seth Mrs. Shefali Seth Mr. Vinod Vaish Mr. Raj Kumar Chawla Mr. Sandeep Sabharwal Mr. Sanjay Sarkar Mr. Pallak Seth Mrs. Payel Seth	Chairman Vice Chairman & Managing Director Whole-Time Director Whole-Time Director Chief Financial Officer Company Secretary Executive Director Son of Chairman /Relative of KMP Wife of Chairman /Relative of KMP

## B. Disclosure of Related Party Transactions :-

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

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Expenses Paid by us on their behalf	67,251	10,719,943
Reimbursement of Expenses	299,999	341,780
Sampling Income	3,019,050	3,273,000
Interest Income	2,999,998	3,197,688
Loan Given	-	30,000,000
Loan Received Back	-	103,283,488
SAP Income	2,883,615	3,981,262
Purchase of Assets	-	92,684

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
<b>Closing Balance</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
Amount Receivable	67,251	-
Others Payable	-	3,129,500
Loan & Advances Receivable	32,026,849	35,334,961

## (ii) Key Managerial Personnel

	(Amount in ₹)	
<b>Particulars</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
Remuneration Paid	20,345,712	18,282,102
Loan Repaid	-	649,815
Expenses Paid by us on their behalf	959,383	665,751
Interest Paid	-	54,960
Advance against Expenses	1,151,781	2,622,199
Expenses Incurred by them on our behalf	2,906,364	2,515,414
Reimbursement of Expenses	-	575,603
Advance Received Back	435,223	27,836
Directors Sitting Fees	115,000	140,000
Incentive Paid	-	1,174,564

	(Amount in ₹)	
<b>Closing Balance</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
Remuneration & Other Payable	1,081,334	1,151,270

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

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

	(Amount in ₹)	
<b>Particulars</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
<b>Loan Given</b>		
PDS Multinational Fashion Limited	-	30,000,000
<b>Loan Received Back/ Interest Received</b>		
PDS Multinational Fashion Limited	-	30,000,000
Multinational Textiles Group Limited	-	73,283,488
<b>Reimbursement of Expenses</b>		
Norwest Industries Limited	-	125,206
PDS Multinational Fashion Limited	299,999	216,575
<b>Sampling Expenses</b>		
Multinational Textiles Group Limited	3,019,050	3,273,000

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Expenses Paid by us on their behalf</b>		
Norwest Industries Limited	67,251	10,719,943
<b>Interest Income</b>		
PDS Multinational Fashion Limited	2,999,998	2,165,753
Multinational Textiles Group Limited		1,031,935
<b>SAP Income</b>		
Multinational Textiles Group Limited	2,883,615	3,981,262
<b>Purchase of Assets</b>		
PDS Multinational Fashion Limited	-	92,684
<b>Closing Balance</b>		
Multinational Textiles Group Limited	-	7,110,762
Norwest Industries Limited	67,251	-
PDS Multinational Fashion Limited	32,026,849	31,353,699

## (ii) Key Managerial Personnel

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Remuneration</b>		
Mr. Pulkit Seth	9,621,600	7,528,800
Mrs. Shefali Seth	6,021,600	6,028,800
Mr. Rajkumar Chawla	1,949,808	1,954,980
Mr. Vinod Vaish	1,290,696	-
Mr. Sandeep Sabharwal	1,462,008	-
<b>Expenses Paid by us on their behalf</b>		
Mr. Deepak Seth	951,883	665,751
Mr. Vinod Vaish	7,500	
<b>Loan Repaid</b>		
Mr. Deepak Seth	-	649,815
<b>Interest Expenses</b>		
Mr. Deepak Seth	-	54,960
<b>Advance against Expenses</b>		
Mr. Raj Kumar Chawla	456,781	696,000
Mr. Vinod Vaish	695,000	1,328,081
Mr. Sandeep Sabharwal	-	545,700



# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Expenses Incurred by Them on our Behalf</b>		
Mr. Deepak Seth	-	511,730
Mr. Raj Kumar Chawla	1,626,394	675,603
Mr. Vinod Vaish	816,520	1,328,081
Mr. Sandeep Sabharwal	463,450	
<b>Reimbursement of Expenses</b>		
Mr. Raj Kumar Chawla	-	575,603
<b>Directors sitting Fees</b>		
Mr. Deepak Seth	20,000	20,000
Mr. Anil Nayar	35,000	40,000
Mr. CR Dua	35,000	40,000
Mr. S.B. Mohapatra	15,000	40,000
Rajendra Aneja	10,000	-
<b>Incentive Paid</b>		
Mr. Raj Kumar Chawla	-	1,084,564
Mr. Sandeep Sabharwal	-	90,000
<b>Advance Received Back</b>		
Mr. Shefali Seth	-	27,432
Mr. Raj Kumar Chawla	148,940	-
Mr. Vinod Vaish	286,283	-
<b>Closing Balance( Receivable/(Payable))</b>		
Mr. Vinod Vaish	75,495	50,010
Mr. Raj Kumar Chawla	89,896	148,940
Mr. Sandeep Sabharwal	114,563	105,940
Mr. Pulkit Seth	503,190	493,190
Mrs. Shefali Seth	298,190	353,190

## NOTE 34 : CURRENCY DERIVATIVES

### In the case of Pearl Global Industries Limited

- a) For the year ended March 31, 2017, the Company has recognised gain of ₹ 112,026,973 (March 31, 2016: ₹ 21,506,323) 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.

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

b) The following table represents the aggregate contracted principal amount of Company's derivative contracts outstanding:

Particulars	As At March 31, 2017 USD	As At March 31, 2016 USD
Forward Foreign Exchange Contract	USD 29,550,000 (Equivalent to ₹ 2,068,790,470)	USD 1,34,00,000 (Equivalent to ₹ 928,234,560)
Forward Foreign Exchange Contract	Nil	Nil
	Nil	Nil

c) Particulars of Unhedged foreign currency exposures as at March 31, 2017 :

Particulars	Foreign Currency	Document Currency (Amount in ₹)
Foreign Currency Receivable	\$2,512,854	162,933,455
	EUR 540987.21	37,463,364
Foreign Currency Payable	\$4,099,058	265,782,930
Foreign Currency Loan Receivable	\$721,299	46,769,027

### NOTE 35 : 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 ₹ 100,962,893 (March 2016 ₹ 98,378,335) has been credited in the Statement of Profit & Loss . The future minimum lease payments receivable and detail of assets as at March 31, 2017 are as under :

	(Amount in ₹)	
Particulars	As At March 31, 2017	As At March 31, 2016
Not later than 1 year	45,561,873	93,971,842
Later than 1 year but not later than 5 years	165,064,554	59,587,719
Later than 5 years	52,271,813	-
<b>Total</b>	<b>262,898,240</b>	<b>153,559,561</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	As At March 31, 2017	As At March 31, 2016
Gross Investment on leased Assets	670,243,648	667,340,028
Accumulated Depreciation on Lease Assets	57,908,245	49,031,481
Depreciation Charged during the year	8,876,764	12,209,038

(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 ₹ 230,445 as on March 31, 2017 has been created.

# Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Particulars	(Amount in ₹)
Total Operating Lease Rent Receivable as on March 31, 2016	2,888,507
Lease Rent on Straight line basis (credited to Statement of Profit & Loss through Rent Income during the year)	(2,658,062)
<b>Total Operating Lease Rent Receivable as on March 31, 2017</b>	<b>230,445</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 2016: ₹ 66,437,549). The details of future minimum lease payments is as under :

	(Amount in ₹)	
Particulars	As At March 31, 2017	As At March 31, 2016
Not later than 1 year	102,492,813	64,048,790
Later than 1 year but not later than 5 years	386,629,492	245,144,722
Later than 5 years	124,634,493	86,291,733
<b>Total</b>	<b>613,756,798</b>	<b>395,485,245</b>

(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, 2016	5,172,494
Lease Rent on Straight line basis (debited to Statement of Profit & Loss through Rent Expense A/c)	8,059,543
<b>Total Operating Lease Rent Payable as on March 31, 2017</b>	<b>13,232,037</b>

## NOTE 36: 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)	3,142,675
(b) Amount spent during the year with respect to (a) above	3,142,675
(c) Amount spent during the year with respect to F.Y. 2015-16	2,475,325
(d) Amount earmarked by the CSR Committee for the F.Y. 2016-17	3,142,675
(e) Minimum Amount to be Spent [(a)-(b)]	-

## NOTE 37:

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 (₹)	As % of consolidated profit or loss	Amount in (₹)
<b>Parent</b>				
Pearl Global Industries Limited	80%	2,991,190,669	26%	87,112,650
<b>Subsidiaries</b>				
<b>Indian</b>				
Pixel Industries Limited	0%	(273,661)	0%	(39,116.00)
M/s Pearl Apparel Fashions Limited (Formerly known as M/s Lerros Fashions India Limited)	-3%	(119,029,811)	5%	16,749,102

# Notes

## to the Consolidated Financial Statements for the year ended March 31, 2017

### Foreign

Pearl Global Far East	4%	153,214,030	22%	74,594,669
Norp Knit Industries Limited	15%	563,238,640	39%	130,334,963
Pearl Global ( HK ) Limited	-1%	(50,987,938)	-2%	(8,311,176)
DSSP Global Limited	0%	17,633,886	1%	4,728,503
PT Pinnacel Apparels	8%	315,194,224	13%	44,391,239
Pearl Global –F.Z.E	0%	(631,171)	0%	(653,121)
A&B Investment Limited	0%	(1,575)	0%	(1,677)
Minority Interest	-3%	(115,348,690)	-4%	(13,834,469)
<b>Total</b>		<b>3,754,198,604</b>		<b>335,071,566</b>

### NOTE 38

Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

(Amount in ₹)

Particulars	SBN	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	5,463,500	554,410	6,017,910
Add: Permitted Receipts	-	3,735,825	3,735,825
Less: Permitted Payments	-	3,692,050	3,692,050
Less: Amount Deposited in Banks	5,463,500	-	5,463,500
Closing Cash in Hand as on 30.12.2016	-	598,185	598,185

Note : The above disclosures are based on standalone books only.

### NOTE 39

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, 2017.

### NOTE 40

The process of receiving confirmation from trade payables & receivables is an ongoing process and as at March 31, 2017, the Company is in process of receiving the confirmations from the parties.

### NOTE 41

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, 2017.

### NOTE 42

Figures have been rounded off to the nearest rupee.

### NOTE 43

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

**Raj Kumar Chawla**

Chief Financial Officer

**Sandeep Sabharwal**

Company Secretary

Place of Signature : Gurugram

Dated: May 26, 2017

# 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, 2017, 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, 2017, 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.

# Independent Auditors' Report

## To the Members of Pearl Global Industries Limited

- (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.
- (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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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. 29 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. 33 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.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of accounts maintained by the Company.- *Refer Note No. 34 to the financial statements.*
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's Registration Number 001478N/N500005

**(Pradeep Dinodia)**

*Partner*

Membership Number 080617

Place of Signature: Gurugram

Date: May 26, 2017



# 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, 2017 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 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

## Annexure to Auditors' Report

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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's Registration Number 001478N/N500005

### **(Pradeep Dinodia)**

*Partner*

Membership Number 080617

Place of Signature: Gurugram

Date: May 26, 2017

## 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, 2017; 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 has not granted any unsecured loan to any company covered under register maintained under section 189 of the Companies Act, 2013 during the year. The terms and conditions of grant of such loans are not prejudicial to the interest of the Company.  
b) & c) In respect of loans granted in earlier financial years, the schedule of repayment of principal and interest is stipulated and there is no overdue amount as at year end.
- iv) In our opinion and according to the information and explanation given to us, the Company has not given loan to any Director or any other person in whom director is interested and as such provisions of section 185 are not applicable to the Company. Also, as per information and explanations given to us, the Company has complied with the provisions of section 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 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) In respect of Statutory Dues:
  - 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, 2017 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 for the following:

## 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	19,745,400	A.Y 2011-12	Demand Received as per Sec 143 (1) of the Income Tax Act, 1961
3.	Income Tax Act, 1961	Income Tax Demand	1,042,090	A.Y 2014-15	Demand Received as per Sec 143 (1) of the Income Tax Act, 1961
4.	Income Tax Act, 1961	Income Tax Demand	27,737,060	A.Y 2015-16	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 Companies (Auditor's Report) Order, 2016 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's Registration Number 001478N/N500005

### (Pradeep Dinodia)

Partner

Membership Number 080617

Place of Signature: Gurugram

Date: May 26, 2017

# Balance Sheet

## as at March 31, 2017

(Amount in ₹)			
Particulars	Note No.	As At March 31, 2017	As At March 31, 2016
<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	2,774,785,118	2,668,192,874
		<b>2,991,424,488</b>	<b>2,884,832,244</b>
<b>Deferred Government Grant</b>	5	1,258,333	-
		<b>1,258,333</b>	-
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	6	234,224,181	145,559,895
(b) Deferred Tax Liabilities (Net)	7	6,524,633	-
(c) Other Long Term Liabilities	8	363,133,797	381,451,652
(d) Long-Term Provisions	9	76,291,843	54,483,421
		<b>680,174,454</b>	<b>581,494,968</b>
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	10	1,514,440,874	1,226,239,333
(b) Trade Payables	8		
- Total Outstanding Dues of Micro & Small Enterprises		23,639,255	10,193,492
- Total Outstanding Dues of Creditors other than Micro & Small Enterprises		1,326,412,258	914,421,313
(c) Other Current Liabilities	8	304,075,749	158,896,649
(d) Short-Term Provisions	9	12,262,529	47,712,821
		<b>3,180,830,665</b>	<b>2,357,463,608</b>
<b>TOTAL</b>		<b>6,853,687,940</b>	<b>5,823,790,820</b>
<b>II Assets</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	2,033,419,702	1,669,772,419
(ii) Intangible Assets	11	16,423,660	8,015,033
(iii) Capital Work in Progress	11	29,155,534	38,509,133
(b) Non-Current Investments	12	1,160,059,810	879,884,885
(c) Deferred tax assets (net)	7	-	9,517,868
(d) Long-Term Loans and Advances	13	228,500,592	357,135,339
(e) Other Non-Current Assets	15	14,952,526	39,587,023
		<b>3,482,511,824</b>	<b>3,002,421,700</b>
<b>Current Assets</b>			
(a) Current Investments	16	125,307,828	192,233,116
(b) Inventories	17	1,451,095,025	1,078,007,011
(c) Trade Receivables	14	887,519,966	645,931,963
(d) Cash and Bank Balances	18	428,594,108	564,277,636
(e) Short-Term Loans and Advances	13	230,326,239	152,260,926
(f) Other Current Assets	15	248,332,950	188,658,468
		<b>3,371,176,116</b>	<b>2,821,369,120</b>
<b>TOTAL</b>		<b>6,853,687,940</b>	<b>5,823,790,820</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

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurugram

Dated: May 26, 2017

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

# Statement of Profit & Loss

## for the year ended March 31, 2017

(Amount in ₹)			
Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I</b> Revenue from operations	19	8,578,507,115	7,681,849,624
<b>II</b> Other income	20	366,845,351	326,797,260
<b>III Total Revenue (I + II)</b>		<b>8,945,352,466</b>	<b>8,008,646,884</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	21	2,398,787,169	2,043,835,244
(b) Purchases of Stock-in-Trade	22	2,270,966,436	2,452,943,152
(c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(77,998,899)	39,145,365
(d) Employee benefits expense	24	1,127,655,023	797,391,539
(e) Finance costs	25	155,443,926	135,085,056
(f) Depreciation and amortization expense	10	112,089,622	100,156,999
(g) Other expenses	26	2,856,032,005	2,241,394,665
<b>Total Expenses</b>		<b>8,842,975,282</b>	<b>7,809,952,020</b>
<b>V Profit before Exceptional and Extraordinary Items and Tax (III - IV)</b>		<b>102,377,184</b>	<b>198,694,864</b>
<b>VI</b> Exceptional items	27	63,359	(11,444,133)
<b>VII Profit before tax (V - VI)</b>		<b>102,440,543</b>	<b>187,250,731</b>
<b>VIII Tax expense:</b>			
Current Tax		(20,397,590)	(67,823,413)
Less: MAT Credit Entitlement		19,432,016	-
Deferred Tax (Liability)/ Assets		(16,042,501)	11,491,112
Tax Adjustment for earlier years		1,914,001	2,251,510
<b>IX Profit (Loss) of the year (VII-VIII)</b>		<b>87,346,469</b>	<b>133,169,940</b>
<b>X Earnings per equity share:</b>			
(1) Basic	28	4.03	6.15
(2) Diluted	28	4.03	6.15
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

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurugram

Dated: May 26, 2017

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, 2017

(Amount in ₹)		
Particulars	As At March 31, 2017	As At March 31, 2016
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax and Prior Period Items	102,440,543	187,250,731
<b>Adjustments For :</b>		
Depreciation	112,089,622	100,156,999
Realised forex gain on receipt of loan	(33,578,107)	(66,174,479)
(Profit)/Loss on sale of Assets	63,359	11,444,133
(Profit)/Loss on sale of Investment	(17,775,326)	(25,943,725)
Provision for doubtful debts Written back	2,004,339	-
Excess provision for Wealth Tax Written back	300,000	-
Sundry balanced Written back	809,620	-
Rent Received	(100,962,893)	(98,378,335)
Interest Paid	154,815,600	132,795,153
Deferred Government Grant	1,258,333	-
Interest Received	(26,219,034)	(47,816,941)
	<b>92,805,514</b>	<b>6,082,805</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>195,246,056</b>	<b>193,333,535</b>
<b>Adjustments For :</b>		
Trade and other Receivables	(376,572,433)	(8,115,701)
Inventories	(373,088,013)	60,638,786
Trade and other Payables	665,231,638	117,089,942
	<b>(84,428,809)</b>	<b>169,613,027</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>110,817,248</b>	<b>362,946,562</b>
Tax Paid on dividend	(2,205,172)	(20,771,765)
Direct Taxes Paid	-31,302,989.43	-17,279,341.4
<b>Net Cash From Operating Activities (A)</b>	<b>77,309,086</b>	<b>-38,051,107</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets (including CWIP)	(514,340,716)	(158,074,357)
Sale of Investment	99,131,107	77,577,108
Investment made during the year	(292,707,334)	(477,090,951)
Investment in bank deposits (having original maturity of more than one year)	211,284,749	13,210,542
Investment in bank deposits (having original maturity of less than one year)	(177,563,729)	(10,124,311)
Loan Given	148,300,134	202,225,180
Sale of Fixed Assets	188,569	7,666,731
Interest Received	26,219,034	47,816,941
Rent Received	100,962,893	98,378,335
<b>Net Cash Used In Investing Activities (B)</b>	<b>(398,525,292)</b>	<b>-198,414,783</b>
<b>C. Cash Flow From Financing Activities</b>		
Interest Paid	(154,815,600)	(132,795,153)
Dividend Paid	(11,257,048)	(101,593,007)
Proceeds from Borrowings	376,865,827	227,369,656
<b>Net Cash From Financing Activities (C)</b>	<b>210,793,179</b>	<b>(7,018,504)</b>
<b>Net Increase in Cash/Cash equivalents (A+B+C)</b>	<b>(110,423,026)</b>	<b>119,462,169</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>341,537,436</b>	<b>222,075,267</b>
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>231,114,410</b>	<b>341,537,436</b>
Cash & Cash Equivalents include:		
(a) Cash on Hand	2,506,980	3,700,005
(b) Cheque on Hand	1,630,542	4,018,411
(c) Balance with Scheduled banks:		
- In Current Account(s)	225,450,006	331,867,059
- In Unpaid dividend Account	1,526,882	1,951,961
	<b>231,114,409</b>	<b>341,537,436</b>

**Note:** 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

**Pradeep Dinodia**

Partner

Membership No. 080617

Place of Signature : Gurugram

Dated: May 26, 2017

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

# Notes

## to the Financial Statements for the year ended March 31, 2017

### NOTE 1: CORPORATE INFORMATION

Pearl Global Industries Limited is a public limited company domiciled 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 operation in India and overseas. The Company has its primary listings on Bombay Stock Exchange and National Stock Exchange of 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 Standards 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) Property Plant and Equipment (PPE)

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. 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

# Notes

## to the Financial Statements for the year ended March 31, 2017

recognised in the Statement of Profit & Loss in the year in which the asset is sold. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

### 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. Depreciation for assets purchased / sold during a period 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. The management estimates the useful lives for the other fixed assets as follows:

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.
- iii) Fixed asset costing upto ₹ 5000 has been fully depreciated during the financial year
- iv) 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.

### 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 date of Airway Bill/ Bill of lading.
- 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.
- 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 that specific contract.

# Notes

## to the Financial Statements for the year ended March 31, 2017

viii) Commission income is recognized when the services are rendered.

ix) Purchase 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.

### f) Foreign Currency Transactions

**Initial Recognition:** Transactions denominated in foreign currencies are recorded at an exchange rate prevailing at the time of the transaction. Sales made in foreign currency are translated on average exchange rate.

**Conversion:** Monetary items denominated in foreign currency are reported using the closing exchange rate on each Balance Sheet Date. Non – monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**Exchange difference:** The exchange difference arising on the settlement of monetary items or reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income/expense in the period in which they arise.

### 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, 2017

- 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 and Liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – 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 and Employee State Insurance scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit & Loss, as they are incurred.

#### 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.

# Notes

## to the Financial Statements for the year ended March 31, 2017

- 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.
- iii) Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.

### I) 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

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.

### 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.



# Notes

## to the Financial Statements for the year ended March 31, 2017

### **n) Provision, Contingent Liabilities And Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Account. Contingent assets are neither recognized nor disclosed in the financial statements.

### **o) 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.

### **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 and cash on deposit with banks and corporations. The Company considers all highly 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) Government Grant**

The Government Grant received in relation to depreciable Fixed Assets is treated as deferred revenue and amortized over the useful life of Assets in same proportion in which depreciation on related asset is charged as per AS-12 "Accounting for Government Grant".

Government Grant recognised to the extent if there is a reasonable assurance that enterprise will comply with the condition attached to them and their ultimate collection is reasonably certain.

### **s) 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, 2017

	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
<b>NOTE 3 : SHARE CAPITAL</b>		
<b>Authorised:</b>		
51,440,000 (March 31, 2016: 51,440,000) Equity Shares of ₹10/- each	514,400,000	514,400,000
10,000 (March 31, 2016: 10,000) 4 % - Non Cumulative Redeemable Preference Shares of ₹ 10/- each	100,000	100,000
3,256,000 (March 31, 2016: 3,256,000) 10.5 % - Non Cumulative Redeemable Preference Shares of ₹ 100/- each	325,600,000	325,600,000
	<b>840,100,000</b>	<b>840,100,000</b>
<b>Issued, Subscribed &amp; Paid-up:</b>		
21,663,937 (March 31 2016: 21,663,937) Equity Shares of ₹ 10/- each fully paid up	216,639,370	216,639,370
	<b>216,639,370</b>	<b>216,639,370</b>

## (a) Reconciliation Statement of Equity Share Capital

	March 31, 2017		March 31, 2016	
	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>21,663,937</b>	<b>216,639,370</b>	<b>21,663,937</b>	<b>216,639,370</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. During the year, no interim Dividend has been paid (March 31, 2016: ₹ 2.50 per share) and final dividend amounting to ₹ 3 per share (March 31, 2016: ₹ 0.50 per share) has been proposed for distribution to equity shareholders. 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 the number of equity shares held by the shareholders.

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

Equity Shares of ₹ 10 each fully paid up	March 31, 2017		March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Payel Seth	4,413,635	20.37	4,413,635	20.37
Mr. Deepak Seth	1,544,499	7.13	1,544,499	7.13
Mr. Pulkit Seth	6,947,621	32.07	6,947,621	32.07
Mr. Pallak Seth	1,317,646	6.08	1,317,646	6.08

# Notes

to the Financial Statements for the year ended March 31, 2017

**d) For a period of 5 years immediately preceeding the date of Balance sheet, aggregate number and class of shares allotted as fully paid up pursuant to scheme of Amalgamation without payment being received in cash**

	March 31, 2017 (No. of Shares)	March 31, 2016 (No. of Shares)
Equity Share Capital (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)	2,163,594	2,163,594
	<b><u>2,163,594</u></b>	<b><u>2,163,594</u></b>

(Amount in ₹)

<b>NOTE 4 : RESERVES AND SURPLUS</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</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:- Utilise during the year	-	-
Balance at the end of the year <b>(A)</b>	<b><u>1,710,389,823</u></b>	<b><u>1,710,389,823</u></b>
<b>Hedging Reserve (Refer Note 31)</b>		
Balance at the beginning of the year	21,506,323	25,717,846
Add:- Addition during the year	112,026,973	192,673
Less:- Utilised during the year	21,506,323	4,404,196
Balance at the end of the year <b>(B)</b>	<b><u>112,026,973</u></b>	<b><u>21,506,323</u></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:- Utilise during the year	-	-
Balance at the end of the year <b>(C)</b>	<b><u>9,500,000</u></b>	<b><u>9,500,000</u></b>
<b>Revaluation Reserve</b>		
Balance at the beginning of the year	39,296,855	39,296,855
Add:- Addition during the year	-	-
Less:- Utilise during the year	39,296,855	-
Balance at the end of the year <b>(D)</b>	<b><u>-</u></b>	<b><u>39,296,855</u></b>
<b>Amalgamation Reserve</b>		
Balance at the beginning of the year	62,594,738	62,594,738
Add:- Addition during the year	-	-
Less:- Utilise during the year	-	-
Balance at the end of the year <b>(E)</b>	<b><u>62,594,738</u></b>	<b><u>62,594,738</u></b>

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
<b>NOTE 4 : RESERVES AND SURPLUS</b>		
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	32,618,697	74,064,838
Add:- Addition during the year	(1,102,153)	7,584,347
Less:- Utilise during the year	32,773,952	49,030,488
Balance at the end of the year (F)	<u><b>(1,257,408)</b></u>	<u><b>32,618,697</b></u>
<b>Investment Revaluation Reserve</b>		
Balance at the beginning of the year	20,633,116	24,124,235
Add:- Addition during the year	8,251,961	14,011,556
Less:- Utilise during the year	6,353,876	17,502,675
Balance at the end of the year (G)	<u><b>22,531,201</b></u>	<u><b>20,633,116</b></u>
<b>General Reserve</b>		
Balance at the beginning of the year	420,436,050	420,436,050
Add:- Addition during the year	-	-
Less:- Utilise during the year	-	-
Balance at the end of the year (H)	<u><b>420,436,050</b></u>	<u><b>420,436,050</b></u>
<b>Surplus / (Deficit) in the Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	351,217,272	296,270,176
Add:- Profit/(Loss) during the year	87,346,469	133,169,940
Less: - Appropriation during the year		
- Interim Dividend on Equity Shares :NIL (March 31, 2016 ₹ 2.50 per share) paid during the year	-	54,159,843
- Final Dividend on Equity Shares : ₹ 3 per share (March 31, 2016: ₹ 0.50 per share) proposed as at reporting date	-	10,831,969
- Dividend Distribution Tax on Interim & Proposed Dividend	-	13,231,033
Balance at the end of the year (I)	<u><b>438,563,741</b></u>	<u><b>351,217,272</b></u>
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G+H+I)</b>	<u><b>2,774,785,118</b></u>	<u><b>2,668,192,874</b></u>
	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
<b>NOTE 5: DEFERRED GOVERNMENT GRANT</b>		
Balance at the beginning of the year	-	-
Add:- Addition during the year	1,500,000	-
Less:- Amortised during the year	241,667	-
Balance at the end of the year	<u><b>1,258,333</b></u>	<u><b>-</b></u>

# Notes

to the Financial Statements for the year ended March 31, 2017

					(Amount in ₹)	
<b>NOTE 6 : LONG-TERM BORROWINGS</b>						
	<b>Non-Current</b>		<b>Current Maturities</b>			
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>		
<b>From Banks (Secured)</b>						
- Corporate Loan [Refer Note a(i) & a(iii)]	213,738,434	118,816,634	70,265,920	55,362,341		
- Vehicle Loans [Refer Note a(iii)]	13,306,789	26,743,261	5,068,224	5,850,722		
<b>From Financial Institutions (Secured)</b>						
Vehicle Loans [Refer Note a(iii)]	7,178,958	-	5,137,403	5,068,061		
	<b>234,224,181</b>	<b>145,559,895</b>	<b>80,471,546</b>	<b>66,281,124</b>		
<b>The above amount includes -</b>						
Less:- Amount disclosed under "Other current liabilities"	-	-	(80,471,546)	(66,281,124)		
<b>(Refer Note 8)</b>						
<b>Total Borrowings</b>	<b>234,224,181</b>	<b>145,559,895</b>	<b>-</b>	<b>-</b>		

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

- 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.
- 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.
- Vehicle loans are secured against hypothecation of respective vehicles.

					(Amount in ₹)	
<b>b) Maturity profile of Secured Term Loans</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Beyond FY 2019-20</b>		
Term loan from banks are repayable in monthly/quarterly/yearly installments	70,265,920	38,696,605	34,466,596	140,575,233		
Vehicle loans from banks are repayable in monthly installments	10,205,627	10,801,612	7,184,242	2,499,894		

					(Amount in ₹)	
<b>NOTE 7 : DEFERRED TAX LIABILITIES/ASSETS (NET)</b>					<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
<b>Deferred Tax Liabilities</b>						
- Fixed Assets: Impact of difference between tax depreciation as per Income Tax Act and depreciation/amortization charged for financial reporting					99,584,786	81,544,015
- Others					597,263	1,079,407
<b>Gross Deferred Tax Liability</b>	<b>(A)</b>				<b>100,182,049</b>	<b>82,623,422</b>
<b>Deferred Tax Assets</b>						
- Unabsorbed losses to be carried forward as per Income Tax Act					53,712,192	57,574,731
- Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis					39,945,225	34,566,559
<b>Gross Deferred Tax Assets</b>	<b>(B)</b>				<b>93,657,416</b>	<b>92,141,290</b>
<b>Net Deferred Tax (Liabilities)/ Assets</b>	<b>(A-B)</b>				<b>6,524,633</b>	<b>(9,517,868)</b>

# Notes

to the Financial Statements for the year ended March 31, 2017

		(Amount in ₹)	
<b>NOTE 8 : OTHER LIABILITIES</b>			
	<b>Non-Current</b>		<b>Current</b>
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>
			<b>March 31, 2016</b>
<b>Trade Payables</b>			
Amount due to Micro & Small Enterprises (Refer note 'b' below for details due to micro and small enterprises)			
- Principal Amount	-	-	23,639,255
- Amount Due to Others (Refer note 'a' below)	-	-	1,326,412,259
(A)	-	-	<b>1,350,051,514</b>
<b>Other Current Liabilities</b>			
- Security Deposits	123,133,797	141,451,652	18,508,414
- Gratuity Payable	-	-	-
- Current Maturities of Long-term Borrowings (Refer Note 6)	-	-	80,471,546
Unpaid Dividend (Refer Note 'c' below)	-	-	1,526,882
Book Overdraft	-	-	103,372,073
<b>Other Payables</b>			
Statutory Liabilities	-	-	69,527,793
Advances from Customers	-	-	2,138,505
Interest accrued but not due	-	-	922,467
Creditors for Capital Goods	-	-	27,608,070
Advance received against sale of land	240,000,000	240,000,000	-
(B)	<b>363,133,797</b>	<b>381,451,652</b>	<b>304,075,749</b>
<b>Total (A+B) (Refer note 'b' below)</b>	<b>363,133,797</b>	<b>381,451,652</b>	<b>1,654,127,263</b>
a) This amount includes amount due to related parties		394,782,861	243,575,012
b) 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 :			
<b>Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006</b>	<b>As At</b>	<b>As At</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	
i) Principal amount due to micro and small enterprises	23,639,255	10,193,492	
Interest due on above & the unpaid interest paid (Refer note 'd' below)	-	-	
	<b>23,639,255</b>	<b>10,193,492</b>	
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	
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	
c) It does not include any amount due to be transferred to Investor Education and Protection Fund.			
d) 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, 2017.			



# Notes

to the Financial Statements for the year ended March 31, 2017

(Amount in ₹)				
NOTE 9 : PROVISIONS	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Provisions for Employee Benefits</b>				
Gratuity (Refer Note 24)	48,650,159	33,952,900	2,743,115	1,713,146
Leave Encashment (Refer Note 24)	14,484,834	15,414,451	1,247,785	1,007,362
<b>Other Provisions</b>				
Provision for Tax (Net of Advance Tax ₹ 12,740,942 (March 31 2016, ₹ 38,025,453)	-	-	8,196,442	31,898,749
Provision for Equalised Rent	13,156,850	5,116,070	75,187	56,424
Proposed Dividend	-	-	-	10,831,969
Provision for Tax on Proposed Dividend	-	-	-	2,205,172
<b>Total</b>	<b>76,291,843</b>	<b>54,483,421</b>	<b>12,262,529</b>	<b>47,712,821</b>

(Amount in ₹)		
NOTE 10 : SHORT TERM BORROWINGS	As At	As At
	March 31, 2017	March 31, 2016
<b>Loan From Banks (Secured)</b>		
Working Capital Loans		
- Rupee Loan	1,514,440,874	1,225,424,809
- Foreign Currency Loan	-	814,524
	<b>1,514,440,874</b>	<b>1,226,239,333</b>
The above amount includes		
- Secured borrowings	1,514,440,874	1,226,239,333

**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 ₹ 10,177,084 (March 31 2016 ₹ 7,947,158)
- Personal Guarantee by the promoter director of the Company

# Notes to the Financial Statements for the year ended March 31, 2017

## NOTE 11 : FIXED ASSETS

Particulars	Gross Block					Depreciation/Amortization					Net Block	
	As At April 1st 2016	Addition during the year	Deduction during the year	Adjustment on account of revaluation (Refer Note (c) below)	As At March 31 2017	As At April 1st 2016	For the year	Written Back/ Adjustments	Adjustment on account of revaluation (Refer Note (c) below)	As At March 31 2017	As At March 31 2017	As At March 31st 2016
<b>A. Tangible Assets</b>												
Leasehold Land	21,033,523	-	-	-	21,033,523	4,999,597	589,204	-	-	5,588,802	15,444,721	16,033,926
Freehold Land	465,505,169	1,066,500	-	45,229,131	421,342,538	-	-	-	-	-	421,342,538	465,505,169
Lease hold Improvements	3,052,718	3,573,261	-	-	6,625,979	385,074	606,851	-	-	991,924	5,634,055	2,667,645
Buildings	877,621,232	181,939,877	-	5,932,276	1,065,493,385	167,205,223	21,007,916	-	2,716,887	190,930,026	874,563,358	710,416,009
Plant and Equipment	779,392,790	302,499,934	740,990	-	1,081,151,734	422,241,248	60,996,021	690,805	-	482,546,464	598,605,271	357,151,542
Furniture and fixtures	115,754,336	15,909,311	-	-	131,663,647	69,085,911	10,760,700	-	-	79,846,610	51,817,036	46,668,426
Vehicles	97,409,948	6,464,993	990,922	-	102,884,019	26,080,243	11,580,233	789,179	-	36,871,297	66,012,722	71,329,705
<b>Sub Total</b>	<b>2,359,769,716</b>	<b>511,453,876</b>	<b>1,731,912</b>	<b>51,161,407</b>	<b>2,830,194,825</b>	<b>689,997,295</b>	<b>105,540,924</b>	<b>1,479,984</b>	<b>2,716,887</b>	<b>796,775,123</b>	<b>2,033,419,702</b>	<b>1,669,772,421</b>
<b>B. Intangible Assets</b>												
Computer software	107,166,698	12,240,438	-	-	119,407,136	99,151,665	3,831,811	-	-	102,983,476	16,423,660	8,015,033
<b>Sub Total</b>	<b>107,166,698</b>	<b>12,240,438</b>	<b>-</b>	<b>-</b>	<b>119,407,136</b>	<b>99,151,665</b>	<b>3,831,811</b>	<b>-</b>	<b>-</b>	<b>102,983,476</b>	<b>16,423,660</b>	<b>8,015,033</b>
<b>C. Capital Work in Progress</b>												
CWIP (Refer note 11(a))	38,509,133	236,559,454	245,913,053	-	29,155,534	-	-	-	-	-	29,155,534	38,509,133
<b>Sub Total</b>	<b>38,509,133</b>	<b>236,559,454</b>	<b>245,913,053</b>	<b>-</b>	<b>29,155,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,155,534</b>	<b>38,509,133</b>
<b>Grand Total (A + B + C)</b>	<b>2,505,445,547</b>	<b>760,253,768</b>	<b>247,644,965</b>	<b>51,161,407</b>	<b>2,978,757,495</b>	<b>789,148,960</b>	<b>109,372,735</b>	<b>1,479,984</b>	<b>2,716,887</b>	<b>899,758,599</b>	<b>2,078,998,896</b>	<b>1,716,296,586</b>
<b>March 31, 2016</b>	<b>2,387,509,396</b>	<b>159,750,168</b>	<b>41,814,017</b>		<b>2,505,445,547</b>	<b>710,019,305</b>	<b>100,156,999</b>	<b>21,027,344</b>	<b>-</b>	<b>789,148,960</b>	<b>1,716,296,587</b>	<b>1,677,490,091</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, 2017.
- The above assets includes Gross Block of Land of ₹ 15,954,319 (March 31, 2016 : ₹ 15,954,319) & Gross Block of Building of ₹ 23,434,599 (March 31, 2016 : ₹ 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 2016-17 due to pending receipt of license from the concerned authority.
- The opening balance of Land includes ₹ 45,229,131 on account of revaluation done on 31.03.2002 and the opening balance of Building includes ₹ 5,932,276 on account of reduction in revaluation done on 31.03.2002. However, in compliance with para 32 of revised Accounting Standard-10 "Property, Plant & Equipment" issued by the Central Government in consultation with National Advisory Committee on Accounting Standards vide notification dated March 30, 2016 the Company has adopted the option of cost model for recognition of fixed assets for entire class of property, plant and equipment. Further in accordance with para 91 of the revised Accounting standard, the Company has adjusted the existing revaluation reserve of ₹ 39,296,855 against the carrying amount of relevant items of property, plant and equipment. In Addition, Unplanned Depreciation amounting ₹ 2,716,887 has been charged to Statement of profit & Loss.
- The Cost of CWIP-Building include ₹ 6,768,002 (March 31, 2016: ₹ 993,055) being borrowing cost capitalised in accordance with Accounting Standard AS-16 on "Borrowing Cost" as specified in the Companies (Accounting Standard) Rules 2006.

# Notes

## to the Financial Statements for the year ended March 31, 2017

e) Gross Investment on Leased Assets is given as under :

Particulars	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
Gross Investment on leased assets	670,243,648	667,340,028
Accumulated depreciation on lease assets	57,908,245	49,031,481
Depreciation charged during the year	8,876,764	12,209,038

### NOTE 11(a) : CAPITAL WORK-IN-PROGRESS

Particulars	(Amount in ₹)			
	Opening Balance as at April 1, 2016	Incurred during the Year	Capitalised/ Allocated to related Works	Closing Balance as at March 31, 2017
<b>Asset Under Constructions</b>				
Building *	34,487,101	71,189,665	103,588,593	2,088,173
Electrical Items	-	26,575,726	26,575,726	-
Plant and Machinery	-	96,540,454	91,660,937	4,879,517
Software	-	685,863	685,863	-
Computer Equipments	-	1,847,992	1,847,992	-
Other Equipments	-	3,690,504	3,690,504	-
Furniture and Fittings	144,115	1,709,839	1,853,954	-
SAP	3,400,650	1,707,750	5,108,400	-
Leasehold improvement	-	21,619,809	-	21,619,809
<b>Total (A)</b>	<b>38,031,866</b>	<b>225,567,602</b>	<b>235,011,969</b>	<b>28,587,499</b>
<b>Expenditure Pending Allocation</b>				
Maintenance Expenses	477,267	73,500	-	550,767
Road Sharing Cost	-	14,375	-	14,375
Salaries, Wages & Bonus	-	4,035,927	4,035,927	-
Consultancy Charges	-	289,672	289,672	-
Electricity Charges	-	244,735	244,735	-
Provident Fund and ESI Contribution	-	111,243	111,243	-
Security Charges	-	1,254,672	1,254,672	-
Rates and Taxes (Service Tax)	-	1,586,625	1,586,625	-
Licence and Approval Fee	-	74,113	74,113	-
Other Expenses	-	2,193,562	2,190,669	2,893
Travelling expenses	-	403,053	403,053	-
Processing Fees	-	710,375	710,375	-
<b>Total (B)</b>	<b>477,267</b>	<b>10,991,852</b>	<b>10,901,084</b>	<b>568,035</b>
<b>Grand Total (A+B)</b>	<b>38,509,133</b>	<b>236,559,454</b>	<b>245,913,053</b>	<b>29,155,534</b>

\* Borrowing cost ₹ 6,768,002 (March 31, 2016 : ₹993,055 ) has been capitalised during the year as per AS-16 "Borrowing Cost".

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
<b>NOTE 12 : NON CURRENT INVESTMENT</b>		
<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		
535,000 (March 31, 2016: 5,35,000) Equity Shares	279,729,184	145,875,434
Norp Knit Industries Limited, Bangladesh		
3,381,211 (March 31, 2016: 3,381,211) Equity Shares of Taka 100 Each fully paid up	220,163,592	220,163,592
Pearl Apparel Fashions Limited ( Formerly Known as Lerros Fashions India Limited )		
27,639,145 (March 31, 2016: 27,639,145) Equity Shares of ₹ 10 each fully paid up	164,834,870	164,834,870
Pearl Global (HK) Limited, Hong Kong		
16,10,000 (March 31, 2016: 16,10,000) Equity Shares	464,165,250	317,891,325
Pixel Industries Limited	500,000	500,000
50,000 (March 31, 2016: 50,000) Equity Shares of ₹ 10/- each fully paid up	-	-
<b>Investment in Preference Share in Subsidiary Company- (Unquoted)</b>		
Pearl Apparel Fashions Limited( Formerly Known as Lerros Fashions India Limited )		
3,000,000 (March 31, 2016: 3,000,000) Preference Shares of ₹ 10 each fully paid up	30,000,000	30,000,000
(A)	<b>1,159,392,896</b>	<b>879,265,221</b>
<b>Non-Trade Investments (Valued at Cost, unless stated otherwise)</b>		
Investments in Government securities		
- National Saving Certificate (NSC) (refer note 'b' below)	4,000	4,000
- Gold Sovereign Bond- 37 units of 2 gram each issued by Reserve Bank of India	162,914	115,664
(B)	<b>166,914</b>	<b>119,664</b>
<b>Trade Investments in Equity Instruments in Others- Quoted</b>		
PDS Multinational Fashions Limited, India		
50,000 (March 31, 2016: 50,000) Equity Shares of ₹ 10/- each fully paid up	500,000	500,000
(C)	<b>500,000</b>	<b>500,000</b>
<b>Total Non Current Investments</b>	<b>(A+B+C)</b>	<b>1,160,059,810</b>
		<b>879,884,885</b>
a)	Aggregate book value of quoted investment is ₹ 500,000 (March 31, 2016: ₹ 500,000)	
	Aggregate market value of quoted investment is ₹ 8,451,250 (March 31, 2016: ₹ 9,055,000)	
	Aggregate amount of unquoted investment is ₹ 1,159,559,810 (March 31, 2016: ₹ 879,384,885)	
b)	The National Saving Certificate(s) are pledged with Sales Tax Authorities.	

# Notes

to the Financial Statements for the year ended March 31, 2017

(Amount in ₹)					
NOTE 13 : LOANS AND ADVANCES		Non-Current		Current	
(Unsecured, considered good)		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Capital Advances		15,529,821	29,276,621	-	-
(Refer Note «a» below)	(A)	15,529,821	29,276,621	-	-
Security Deposits		65,684,291	54,950,886	-	-
	(B)	65,684,291	54,950,886	-	-
Loan and Advances to Related Parties (Refer Note 30)					
Loans		42,124,154	169,273,345	31,346,300	30,000,000
Other Advances		-	-	34,313,082	44,464,833
	(C)	42,124,154	169,273,345	65,659,382	74,464,833
Other Loans and Advances					
Advance Tax [Net of Provision of ₹ 123,787,376 (March 31,2016 ₹ 82,124,673)]		58,708,521	69,591,427	-	-
MAT Credit Entitlement		19,432,016	-	-	-
Prepaid Expenses		423,915	243,928	15,196,084	12,465,608
Advance to Suppliers		-	-	23,795,276	31,374,494
Loans to Employees		-	-	7,329,572	6,049,400
Balance with Government Authorities		26,597,873	33,568,688	-	-
Mark to Market Forward Contracts		-	-	112,026,973	21,506,323
Others		-	230,445	6,318,953	6,400,269
	(D)	105,162,326	103,634,488	164,666,857	77,796,093
Total Loans & Advances (A+B+C+D)		228,500,592	357,135,339	230,326,239	152,260,926
				As At March 31, 2017	As At March 31, 2016
a) Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (net of capital advances)				9,303,698	88,434,642

# Notes

to the Financial Statements for the year ended March 31, 2017

(Amount in ₹)				
<b>NOTE 14 : TRADE RECEIVABLES</b>		<b>Non-Current</b>		<b>Current</b>
(Unsecured, considered good unless stated otherwise)	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Outstanding for the period exceeding six months from the date they are due for payment</b>				
- Unsecured, considered Good	-	-	4,108,589	1,500,918
- Unsecured, considered Doubtful	-	-	2,662,829	4,235,104
	-	-	<b>6,771,418</b>	<b>5,736,022</b>
Less: Provision for Doubtful Receivables	-	-	(2,662,829)	(4,235,104)
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>4,108,589</b>	<b>1,500,918</b>
<b>Other Receivables</b>				
Unsecured - Considered Good (Refer Note 'a' below)	-	-	<b>883,411,377</b>	<b>644,431,045</b>
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>			<b>887,519,966</b>	<b>645,931,963</b>

			(Amount in ₹)	
<b>Note:</b>			<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
a) This amount includes amount due from related parties			30,234,623	21,478,964

(Amount in ₹)				
<b>NOTE 15 : OTHER ASSETS</b>		<b>Non Current</b>		<b>Current</b>
(Unsecured, considered good unless stated otherwise)	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>Mar 31, 2017</b>	<b>March 31, 2016</b>
Non Current Bank Balances				
Fixed Deposit with banks (Refer Note 17)	10,278,338	18,738,856	-	-
<b>(A)</b>	<b>10,278,338</b>	<b>18,738,856</b>	<b>-</b>	<b>-</b>
<b>Others</b>				
Interest accrued but not due on				
- Fixed Deposits	29,339	3,559,827	5,349,372	5,784,038
- Loan from related parties	4,644,849	17,288,340	680,549	1,353,698
Export Incentive Receivable	-	-	225,464,029	177,772,142
Others	-	-	16,838,999	3,748,590
<b>(B)</b>	<b>4,674,188</b>	<b>20,848,167</b>	<b>248,332,950</b>	<b>188,658,468</b>
<b>TOTAL (A+B)</b>	<b>14,952,526</b>	<b>39,587,023</b>	<b>248,332,950</b>	<b>188,658,468</b>



# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
<b>NOTE 16 : CURRENT INVESTMENT</b>		
<b>Quoted Investment in Mutual Fund with HSBC (Measured at fair value)</b>		
HDFC FMP Regular growth	-	10,173,120
Nil (March 31, 2016: 800,000 units of Face Value of ₹ 10 per unit)		
BSL FTP Corporate Bonds 1170 DAYS	13,493,700	12,466,400
1,000,000 Units Face Value of ₹ 10 per unit (March 31, 2016: 1,000,000 units of Face Value of ₹ 10 per unit)		
HSBC Fixed term series 109 growth	19,151,400	17,630,250
1,500,000 Units of Face Value of ₹ 10 per unit (March 31, 2016: 1,500,000 units of Face Value ₹ 10 per unit)		
HDFC Cash Management	1,509,797	5,620,329
8,337,966 Units of Face Value of ₹ 10 per unit (March 31, 2016: 215,802.941 units of Face Value of ₹ 10 per unit)		
Birla sunlife interval income	5,425,680	5,039,120
400,000 Units of Face Value of ₹ 10 per unit (March 31, 2016: 400,000 units of Face Value of ₹ 10 per unit)		
Birla sunlife fixed term plan	25,479,400	23,624,600
2,000,000 Units of Face Value of ₹ 10 per unit (March 31, 2016: 2,000,000 units of Face Value of ₹ 10 per unit)		
Franklin India corporate bond	12,158,689	10,573,838
702,286.65 Units of Face Value of ₹ 10 per unit (March 31, 2016: 702,286.65)		
Edelweiss arbitrage fund growth	1,600,161	31,550,936
13,114.5430 units of Face Value of ₹ 10 per unit (March 31, 2016: 2,753,303.97)		
Reliance -dual advantage fixed tenure fund V plan C	-	34,496,700
Nil (March 31, 2016 : 3,000,000 units of Face Value of ₹ 10 per unit)		
ICICI PRU Equity arbitrage fund regular	10,965,652	13,590,307
504,149.36 units of Face Value of ₹ 10 per unit (March 31, 2016: 665,509.70)		
UTI short term income fund	18,441,297	16,802,543
924,908.95 units of Face Value of ₹ 10 per unit (March 31, 2016: 924,908.95)		
ICICI PRU corporate bond	11,744,140	10,664,972
462,943.67 units of Face Value of ₹ 10 per unit (March 31, 2016: 462,943.67)		
Principal balances Fund - Regular Plan Growth	5,337,912	-
82349.7690 units of of Face Value of ₹ 10 per unit (March 2016: Nil)		
<b>Total (A+B)</b>	<b>125,307,828</b>	<b>192,233,116</b>

Aggregate book value of quoted investment is ₹ 125,307,828 (March 31, 2016: ₹ 192,233,116)

Aggregate market value of quoted investment is ₹ 125,307,828 (March 31, 2016: ₹ 192,233,116)

Aggregate amount of unquoted investment is ₹ Nil (March 31, 2016: ₹ Nil)

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
<b>NOTE 17 : INVENTORIES</b>		
(as taken, valued & certified by Management)		
Raw Materials	770,994,154	455,920,082
Goods in Transit (Raw Material)	3,574,104	14,950,511
Work In Progress	319,208,181	319,653,690
Finished Goods	339,655,334	261,210,926
Stores, Spares and Others	17,663,252	26,271,802
	<b>1,451,095,025</b>	<b>1,078,007,011</b>

	(Amount in ₹)			
	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>NOTE 18 : CASH &amp; BANK BALANCES</b>				
<b>Cash &amp; Cash Equivalents</b>				
Balances with Banks :				
In EEFC account(s)	-	-	185,716,847	230,302,200
In Current account(s)	-	-	39,733,159	101,564,859
In Unpaid Dividend Account	-	-	1,526,882	1,951,961
Cash on hand	-	-	2,506,980	3,700,005
Cheques & Drafts on hand	-	-	1,630,542	4,018,411
(A)	-	-	<b>231,114,409</b>	<b>341,537,436</b>
<b>Other Balances</b>				
Balance with bank (Considered good)				
Deposits with original maturity of more than 12 months	10,278,338	18,738,856	-	202,824,231
Deposits with original maturity for more than 3 months but less than 12 months	-	-	197,479,698	19,915,969
	10,278,338	18,738,856	197,479,698	222,740,200
Balance with bank (Considered doubtful)	-	-	2,500	2,500
Less: Provision for Doubtful Deposit	-	-	(2,500)	(2,500)
	10,278,338	18,738,856	197,479,698	222,740,200
Amount disclosed under "Other Non-current asset"	(10,278,338)	(18,738,856)	-	-
(Refer Note 14)	(B)		<b>197,479,698</b>	<b>222,740,200</b>
<b>Total (A+B)</b>	-	-	<b>428,594,108</b>	<b>564,277,636</b>

- a) Out of the total Fixed Deposits held in the name of the Company the fixed deposit with carrying value of ₹144,051,512 (March 31, 2016: ₹ 98,504,336) are pledged as security with various banks.

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
<b>NOTE 19 : REVENUE FROM OPERATIONS</b>		
Sale of Product (Refer Note 'a' below)	7,814,715,497	7,218,108,466
Less: Excise Duty	2,886,966	-
Job Receipts	7,749,418	5,167,464
Other Operating Income (Refer Note 'b' below)	758,929,166	458,573,694
	<b>8,578,507,115</b>	<b>7,681,849,624</b>
<b>a) Details of Products Sold</b>		
Manufacturing - Garments	5,148,947,824	4,475,487,765
Traded - Garments & Accessories	2,397,963,921	2,515,929,272
Sale of Fabric	225,872,573	206,492,780
Others	41,931,179	20,198,649
	<b>7,814,715,497</b>	<b>7,218,108,466</b>
<b>b) Other Operating Income</b>		
Claims Received	152,179,145	24,209,443
Export Incentives	606,750,021	434,017,806
Export Sample Sale	-	346,445
	<b>758,929,166</b>	<b>458,573,694</b>
		(Amount in ₹)
<b>NOTE 20 : OTHER INCOME</b>	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Interest Income (Refer Note 'a' below)	26,219,034	47,816,941
IT/ SAP Income	7,995,705	12,914,118
Rental Income	100,962,893	98,378,335
Profit on sale of current investment - Mutual Fund	17,775,326	25,943,725
Foreign Exchange Fluctuation	208,514,377	131,253,520
Provision for doubtful debts Written back	2,004,339	8,013,699
Excess provision for Wealth Tax Written back	300,000	-
Sundry balances Written back	809,620	-
Profit / (Loss) from sale of Fixed Assets	-	-
Grant Amortised during the year	241,667	-
Miscellaneous Income	2,022,390	2,476,922
	<b>366,845,351</b>	<b>326,797,260</b>
<b>a) Interest Income</b>		
On Fixed Deposit with Banks	14,441,809	21,805,906
On Loan & Advances	11,777,225	20,825,109
On Income Tax Refund	-	5,185,926
	<b>26,219,034</b>	<b>47,816,941</b>
<b>b) Earning in Foreign Currency</b>		
Export of Goods - FOB basis	7,586,320,594	6,971,317,985
Interest Income on Loans & Advances	5,890,611	18,320,275
IT/ SAP Income	7,995,705	12,914,118
	<b>7,600,206,909</b>	<b>7,002,552,378</b>

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
<b>NOTE 21 : COST OF RAW MATERIAL CONSUMED</b>		
<b>Raw Material</b>		
Balance at beginning of the year	455,920,082	493,825,504
Add:- Purchase during the year	2,789,497,660	2,188,142,806
Less:- Cost of Goods Sold	75,636,419	182,212,983
	3,169,781,323	2,499,755,326
Less:- Balance at the end of the year	770,994,154	455,920,082
	<b>2,398,787,169</b>	<b>2,043,835,244</b>
<b>a) Detail of Raw Materials Consumed</b>		
- Fabric	1,617,698,987	1,597,653,964
- Others	781,088,182	446,181,280
	<b>2,398,787,169</b>	<b>2,043,835,244</b>
<b>b) Details of Imported and Indigenous Raw Material Consumed</b>		
	%	%
- Indigenous	0.92	0.85
- Imported	0.08	0.15
	<b>2,398,787,169</b>	<b>2,043,835,244</b>
<b>c) CIF Value Of Imports</b>		
- Raw Material	286,305,830	293,547,126
- Capital Goods	109,877,906	33,514,473
- Garments	2,195,257,752	2,269,865,868
	<b>2,591,441,488</b>	<b>2,596,927,467</b>
	(Amount in ₹)	
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
<b>NOTE 22 : PURCHASE OF STOCK IN TRADE</b>		
Finished Goods Purchased	2,270,966,436	2,452,943,152
	<b>2,270,966,436</b>	<b>2,452,943,152</b>
<b>a) Details of Purchases</b>		
- Readymade Garments	2,195,330,017	2,270,730,168
- Fabric, Accesories & Others	75,636,419	182,212,983
	<b>2,270,966,436</b>	<b>2,452,943,152</b>

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
<b>NOTE 23 : INCREASE/(DECREASE) IN INVENTORIES</b>	<b>For the Year Ended March 31, 2017</b>	<b>For the Year Ended March 31, 2016</b>
<b>Inventories at the beginning of the year</b>		
- Work-in-progress	319,653,690	243,768,785
- Finished goods	261,210,926	376,241,196
<b>(A)</b>	<b>580,864,616</b>	<b>620,009,981</b>
<b>Inventories at the end of the year</b>		
- Work-in-progress	319,208,181	319,653,690
- Finished goods	339,655,334	261,210,926
<b>(B)</b>	<b>658,863,515</b>	<b>580,864,616</b>
<b>Increase/(Decrease) in Inventories (A-B)</b>	<b>(77,998,899)</b>	<b>39,145,365</b>

## a) Details of Inventories

### Work in progress

Garments	319,208,181	319,653,690
----------	-------------	-------------

### Finished goods

Garments	339,655,334	261,210,926
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	(Amount in ₹)	
<b>NOTE 24 : EMPLOYEE BENEFIT EXPENSE</b>	<b>For the Year Ended March 31, 2017</b>	<b>For the Year Ended March 31, 2016</b>
Salaries, Wages & Bonus	1,001,128,999	695,564,387
Gratuity ( <b>Refer Note below</b> )	18,496,875	23,348,245
Leave Encashment ( <b>Refer Note below</b> )	11,815,959	6,978,808
Contribution to Provident and Other fund	78,674,284	55,129,626
Staff Training & Welfare Expenses	17,538,906	16,370,473
	<b>1,127,655,023</b>	<b>797,391,539</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) 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.

During the year, the Company recognized ₹ 55,777,549 (March 31, 2016: ₹ 40,130,096) for PF contribution, ₹ 20,322,873 (March 31, 2016: ₹ 12,951,231) for ESI & ₹ 2,573,862 (March 31, 2016: ₹ 2,048,299) 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)

# Notes

## to the Financial Statements for the year ended March 31, 2017

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, 2017			As At March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Defined benefit obligations at beginning of the year	42,235,180	9,903,223	16,421,813	29,921,528	6,378,849	18,564,741
Adjustment in opening obligation	-	-	-	-	-	(405,329)
Interest Cost	3,378,814	792,257	1,313,745	2,393,722	510,308	1,452,753
Service Cost	8,609,521	6,750,613	7,501,795	5,887,142	4,614,056	5,559,330
Benefits Paid	(3,183,405)	(2,769,647)	(12,505,153)	(7,076,646)	(1,311,688)	(8,716,407)
Actuarial (Gain) / Loss on obligations	878,187	(746,055)	3,000,419	11,109,434	(288,302)	(33,275)
Defined benefit obligations at end of the year	51,918,297	13,930,391	15,732,619	42,235,180	9,903,223	16,421,813

### (b) Reconciliation of opening and closing balances of Fair Value of Plan Assets (Amount in ₹)

Particulars	As At March 31, 2017			As At March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Fair value of plan assets at beginning of the year	16,472,357	-	-	10,044,879	N.A	N.A
Difference amount in Opening Fund	-	-	-	2,550,405	-	-
Expected Return on plan assets	1,400,150	-	-	1,070,599	-	-
Contributions	-	-	-	10,075,604	-	-
Benefits Paid	(3,183,405)	-	-	(7,076,646)	-	-
Actuarial (gain)/loss on plan assets	(233,688)	-	-	(192,484)	-	-
Fair value of plan assets at the end of the year	14,455,414	-	-	16,472,357	-	-

### (c) Reconciliation of Fair Value of Assets and Obligations (Amount in ₹)

Particulars	As At March 31, 2017			As At March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Fair Value of plan assets as at the end of the year	14,455,414	-	-	16,472,357	-	-
Present Value of Obligation	51,918,297	13,930,391	15,732,619	42,235,180	9,903,223	16,421,813
Net assets/(liability) recognized in the balance sheet	(37,462,883)	(13,930,391)	(15,732,619)	(25,762,823)	(9,903,223)	(16,421,813)



# Notes

to the Financial Statements for the year ended March 31, 2017

Particulars	(Amount in ₹)			(Amount in ₹)		
	As At March 31, 2015			As At March 31, 2014		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Fair Value of plan assets as at the end of the year	10,044,879	-	-	11,477,707	-	-
Present Value of Obligation	29,921,528	6,378,849	18,564,741	28,494,107	4,470,333	12,826,854
Net assets/(liability) recognized in the balance sheet	(19,876,649)	(6,378,849)	(18,564,741)	(17,016,400)	(4,470,333)	(12,826,854)

Particulars	(Amount in ₹)			(Amount in ₹)		
	As At March 31, 2013			As At March 31, 2012		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Fair Value of plan assets as at the end of the year	10,459,499	-	-	9,591,222	-	-
Present Value of Obligation	25,093,886	5,795,023	1,295,073	23,616,022	4,818,213	11,882,544
Net assets/(liability) recognized in the balance sheet	(14,634,387)	(5,795,023)	(1,295,073)	(14,024,800)	(4,818,213)	(11,882,544)

Particulars	(Amount in ₹)			(Amount in ₹)		
	As At March 31, 2017			As At March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Current Service Cost	8,609,521	6,750,613	7,501,795	5,887,142	4,614,056	5,559,330
Interest Cost	3,378,814	792,257	1,313,745	2,393,722	510,308	1,452,753
Past Service Cost	-	-	-	-	-	-
Expected return on plan assets	(1,400,150)	-	-	(1,070,599)	-	-
Actuarial (Gain)/Loss	1,111,875	(746,055)	3,000,419	11,301,918	(288,302)	(33,275)
Net Cost	11,700,060	6,796,815	11,815,959	18,512,183	4,836,062	6,978,808

Particulars	(Amount in ₹)			(Amount in ₹)		
	As At March 31, 2017			As At March 31, 2016		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned Leave (Unfunded)
Discount Rate (per annum)	0.075	0.0735	0.0735	0.08	0.08	0.08
Future Increase in Compensation	0.06	0.055	0.055	0.06	0.055	0.055
In Service Mortality	IALM-2006-08	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	0.03	0.03	0.03	0.03	0.03	0.03
- Upto 44 years	0.02	0.02	0.02	0.02	0.02	0.02
- Above 44 years	0.01	0.01	0.01	0.01	0.01	0.01

- 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.

# Notes

to the Financial Statements for the year ended March 31, 2017

	<b>(Amount in ₹)</b>	
<b>NOTE 25 : FINANCE COSTS</b>	<b>For the Year Ended March 31, 2017</b>	<b>For the Year Ended March 31, 2016</b>
Interest Expense	140,108,184	89,577,491
Other Borrowing costs	14,707,416	43,188,827
Interest on Directors Loan	-	28,834
Interest on Delayed Payment of Tax	628,326	2,289,903
	<b>155,443,926</b>	<b>135,085,056</b>
	<b>(Amount in ₹)</b>	
<b>NOTE 26 : OTHER EXPENSES</b>	<b>For the Year Ended March 31, 2017</b>	<b>For the Year Ended March 31, 2016</b>
Manufacturing Expenses	1,761,462,278	1,392,618,097
Consumption of Stores & Spare Parts	45,088,251	31,343,772
Power & Fuel	129,051,971	118,769,387
Rent	122,344,661	84,137,918
Rates & Taxes	15,199,841	19,199,045
Travelling & Conveyance	103,467,684	76,508,092
Freight & Clearing Charges	231,870,039	183,910,074
Repairs & Maintenance		
- Buildings	225,544	217,979
- Plant & Machinery	27,507,940	15,249,367
- Others	25,048,648	28,965,583
Legal & Professional Charges	45,943,434	43,269,846
Security Charges	33,875,401	23,044,242
Bank Charges	65,234,082	60,030,474
Claim to Buyers	111,677,146	52,248,058
Commission	12,974,810	7,366,203
Payment to the Auditors <b>(Refer note 'a' below)</b>	2,419,895	2,389,071
Provision for Doubtful trade receivables	432,064	752,729
Corporate Social Responsibility	5,618,000	1,100,000
Miscellaneous Expenses (refer note below )	116,590,314	100,274,727
	<b>2,856,032,005</b>	<b>2,241,394,665</b>
<b>a) Payment to Auditors</b>		
<b>As Auditor:</b>		
- Audit Fees	1,200,000	800,000
- Tax Audit Fees	300,000	300,000
- Taxation Matters	-	250,000
- Company Law Matters	-	50,000

# Notes

to the Financial Statements for the year ended March 31, 2017

	(Amount in ₹)	
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
<b>In other Capacity:</b>		
- Reimbursement of Expenses	342,895	258,197
- Other Matters	300,000	428,810
- Service Tax	277,000	302,064
	<b>2,419,895</b>	<b>2,389,071</b>
<b>b) Expenditures in Foreign Currency</b>		
Foreign Travelling	8,252,775	5,780,248
EDI Expenses	3,658,820	1,606,996
Others	2,743,585	19,746,763
	<b>14,655,181</b>	<b>27,134,007</b>
<b>c) Details of Imported and Indigenous Stores &amp; Spare Parts Consumed</b>		
	%	%
- Indigenous	1	1
- Imported	0	0
	<b>45,088,251</b>	<b>31,343,772</b>
<b>d) Prior Period Items</b>		
Commission	6,989,891	-
Processing & Subcontracting	516,120	237,034
Rates & Taxes	-	1,120,790
Legal & Professional	532,238	-
Travelling and Conveyance	363,155	318,411
Repair & Maintenance	56,587	-
Incentive to Employees	390,695	-
Staff Welfare	120,671	-
Others	237,367	283,811
	<b>9,206,724</b>	<b>1,960,045</b>
	(Amount in ₹)	
<b>NOTE 27 : EXCEPTIONAL ITEMS</b>	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Loss on Sale of Fixed Assets	63,359	11,444,133
	-	-
	<b>63,359</b>	<b>11,444,133</b>
<b>NOTE 28 : EARNING PER SHARE (EPS)</b>	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Profit attributable to the equity shareholders (A)	87,346,469	133,169,940
Number/Weighted average number of equity shares outstanding at the end of the year (B)	21,663,937	21,663,937
Nominal value of Equity shares	10	10
Basic/Diluted Earning per share (A/B)	<b>4.03</b>	<b>6.15</b>

# Notes

to the Financial Statements for the year ended March 31, 2017

## NOTE 29: CONTINGENT LIABILITIES AND COMMITMENTS

- i) **Corporate Guarantee given by the Company (as per Section 186(4) of the Companies Act 2013)**
- 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 778,080,000 (March 31, 2016 USD 12,000,000 equivalent to INR 795,960,000)
  - To Standard Chartered Bank, Bangladesh Branch for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for BDT 900,000,000 equivalent to INR 711,000,000 (March 31, 2016: BDT 775,000,000 equivalent to INR 643,250,000)
- ii) Export Bills Discounted with banks ₹ 284,233,648 (March 31, 2016: ₹ 452,059,126)
- iii) Irrevocable letter of credit (net of margin) outstanding with banks ₹ 731,814,611.45 (March 31, 2016: ₹ 620,416,450)
- iv) Bank Guarantee given to government authorities ₹ 22,725,000 (March 31, 2016: ₹ 42,738,000)
- 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, 2016: ₹ 100,000), for others ₹ 50,000 (March 31, 2016: ₹ 50,000).
- vi) As per the order dated 13th July, 2016 issued by Hon'ble Madras High Court, minimum wages shall be paid to the employees retrospectively from December 2014 to June 2016. However, the management is of the view that the wages have to be paid only to the employees working presently in the company and also no PF & ESI is required to be deducted. Accordingly, the minimum wages, ESI and PF of past employees of ₹ 2,88,51,256, ₹ 806,864 and ₹ 69,24,500 respectively has not been recorded in books of account. Further, Company has also not accounted for the PF contribution of INR 65,32,566 and ESI contribution of ₹ 12,87,517 due on the wage arrears paid to the present employees during the year ended March 31, 2017
- vii) 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, 2016: 7,347,870)
  - Tax Demand as per Sec 143(1) of Income Tax act , 1961 (with respect to Assessment Year 2011-12) amounting to ₹ 19,745,400. (March 31, 2016: 19,745,400)
  - Tax Demand as per Sec 143(1) of Income Tax act , 1961 (with respect to Assessment Year 2014-15) amounting to ₹ 1,042,090. (March 31, 2016: 2,786,040)
  - Tax Demand as per Sec 143(1) of Income Tax act , 1961 (with respect to Assessment Year 2015-16) amounting to ₹ 27,737,060. (March 31, 2016: Nil)
  - Several Legal Cases of labour pending at labour Court, Civil Court and High Court.

## NOTE 30 : 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
Subsidiary (Direct / Indirect)	<b>Domestic</b>
	Pearl Apparel Fashions Limited (Formerly known as 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 (Formerly known as PT Norwest Industry)
	Prudent Fashions Limited
	A & B Investment Limited
	Vin Pearl Global Vietnam Limited
	Pearl Global F.Z.E.
	PGIC Investment Limited
	Pearl Grass Creation Limited (Formerly Pearl Tiger HK Ltd.)

# Notes

to the Financial Statements for the year ended March 31, 2017

<p><b>Enterprise over which Key Managerial Personnel exercise Significant influence</b></p>	<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            Techno Design HK Limited (Formerly DPOD Manufacturing Limited)            Norwest Industries Limited            Poeticgem International Limited            Multinational OSG Services Bangladesh Limited            Nor Delhi Manufacturing Limited            Techno Design Gmbh            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            Poeticgem Australia Limited (Formerly 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)            Design Arc Asia Limited [(Formerly Design Arc. Limited) (Design Arc. Limited Formerly Nor France Manufacturing Company Ltd)]            Nor Lanka Manufacturing Limited            Design Arc Europe Limited (Formerly Nor Europe Manufacturing Limited)            Kleider Sourcing Hongkong Limited            Techno Manufacturing Limited (Formerly Sino West MFG Company Limited)</p>
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# Notes

to the Financial Statements for the year ended March 31, 2017

	<p>Nor India Manufacturing Company Limited  Spring Near East Manufacturing Company Limited  DS Manufacturing Limited (Formerly Designed and Sourced Limited)  FX Import Hongkong Limited  Poetic Knitwear Limited  Pacific Logistics Limited  PG Home Group SPA (Formerly Pearl GES Home Group SPA)  Nor France SAS  Nor Lanka Manufacturing Colombo Limited  Nor Europe SPA  FX Import Company Limited  MultiTech Venture Ltd(Mauritius)  Redwood Internet Ventures Limited  Digital Internet Technologies Limited  Progress Manufacturing Group Ltd  Progress Apparels(Bangladesh) Ltd  Norlanka Progress Pvt.Ltd  Green Apparel Industries Ltd  JJ Star Industrial Limited  Twin Asia Limited  Grupo Sourcing Limited (Hongkong)  Sure Investments Limited  Casa Forma London Limited  Blueprint Design Limited  Design Arc UK Limited  Grupo Sourcing Limited  Fareast Vogue Limited  PDS Far-east Limited  Kindred Brands Ltd (Formerly NW Far-east Limited)  Styleberry Limited  PDS Global Investments Limited  Green Smart Shirts Limited  Kleider Sourcing Limited  Sourcing Solutions Limited  Digital Ecom Techno Private Limited</p>		
<b>Key Managerial Personnel (KMP)</b>	<p>Mr. Deepak Seth  Mr. Pulkit Seth  Mrs. Shefali Seth  Mr. Vinod Vaish  Mr. Raj Kumar Chawla  Mr. Sandeep Sabharwal  Mr. Sanjay Sarkar  Mr. Pallak Seth  Mrs. Payel Seth</p>	<p>Chairman  Vice Chairman &amp; Managing Director  Whole-Time Director  Whole-Time Director  Chief Financial Officer  Company Secretary  Executive Director  Relative of Key Managerial Personnel / Son of Chairman  Relative of Key Managerial Personnel / Wife of Chairman</p>	



# Notes

to the Financial Statements for the year ended March 31, 2017

## B. Disclosure of Related Parties Transactions:

### (i) Subsidiary Companies

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Purchase of Goods	1,848,919,430	1,833,451,136
Goods in Transit	3,574,104	-
Sale of Goods - Raw Material	16,206,555	58,735,161
Sale of Goods – Readymade Garments	204,118,158	125,273,978
Claim from Buyers	47,151,410	-
Loan Given	-	43,960,950
Loan Received Back	145,380,064	113,332,500
Expenses Paid By Us On Their Behalf	82,298,681	42,393,142
Reimbursement of Expenses	24,434,480.81	27,001,081
SAP Income	5,112,090	8,932,856
Investment in Equity Shares*	280,127,675	341,379,250
Interest Income	5,890,611	17,288,340

\* 11,155,658 Share taken of Lerros Fashions India Limited at nil value during the year ended March 31, 2016.

Particulars	(Amount in ₹)	
	As At March 31, 2017	As At March 31, 2016
Loan Given to Subsidiary (Inclusive of Interest)	73,470,454	186,561,685
Advance to Subsidiaries/ Others	34,313,082	40,483,571
Amount Receivable/(Payable)	30,234,623	21,478,964
Others (Payable)/Receivable	(394,782,861)	(243,575,012)

### (ii) Enterprise over which KMP has Significant Influence

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Expenses Paid By Us On Their Behalf	67,251	-
Reimbursement of Expenses	299,999	216,575
Interest Income	2,999,998	3,197,688
Loan Given	-	30,000,000
Loan Received Back	-	103,283,488
SAP Income	2,883,615	3,981,262
Purchase of Assets	-	92,684
<b>Closing Balance</b>	<b>(Amount in ₹)</b>	
<b>Particulars</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
Amount Receivable	67,251	-
Loan & Advances Receivable	32,026,849	35,334,961

# Notes

to the Financial Statements for the year ended March 31, 2017

## (iii) Key Managerial Personnel

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Remuneration Paid	20,345,712	18,282,102
Loan Repaid	-	649,815
Expenses Paid By Us On Their Behalf	959,383	665,751
Interest Paid	-	54,960
Advance against Expenses	1,151,781	2,622,199
Expenses Incurred By Them On Our Behalf	2,906,364	2,515,414
Reimbursement of Expenses	-	575,603
Advance Received Back	435,223	27,836
Directors Sitting Fees	115,000	140,000
Incentive Paid	-	1,174,564
<b>Closing Balance</b>		<b>(Amount in ₹)</b>
Particulars	As At March 31, 2017	As At March 31, 2016
Remuneration & Other Payable	1,081,334	1,151,270

## 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, 2017	For the year ended March 31, 2016
<b>Purchase of Goods</b>		
Norp Knit Industries Limited	1,209,527,050	1,422,281,843
P.T. Norwest	611,539,118	339,060,208
<b>Sale of Goods - Raw Material</b>		
Norp Knit Industries Limited	63,278,705	58,735,161
P.T. Norwest	79,260	-
<b>Sale of Goods - Readymate Garments</b>		
Pearl Global Far East Limited	102,425,542	19,569,379
Pearl Global (HK) Limited	101,692,616	105,704,599
<b>Loan Given</b>		
Pearl Global Far East Limited	-	43,960,950
<b>Loan Received Back</b>		
Pearl Global (HK) Limited	145,380,064	113,332,500
<b>Reimbursement of Expenses</b>		
Norp Knit Industries Limited	3,964,506	2,651,694
Pearl Global (HK) Limited	13,644,730	17,002,397
Pearl Global Far East Limited	-	6,792,651

# Notes

to the Financial Statements for the year ended March 31, 2017

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
P.T. Norwest	6,652,561	-
<b>Expenses Paid By Us On Their Behalf</b>		
P.T. Norwest	6,698,553	-
Pearl Global (HK) Limited	73,550,398	38,695,276
<b>Investment in Equity Shares</b>		
Pearl Global (HK) Limited	146,273,925	220,841,250
Pearl Global Far East Limited	133,853,750	120,538,000
<b>SAP Income</b>		
Pearl Global Far East Limited	755,830	4,488,678
Norp Knit Industries Limited	-	-
Pearl Global (HK) Limited	4,356,260	4,444,178
<b>Interest Income</b>		
Pearl Global Far East Limited	2,654,086	-
Pearl Global (HK) Limited	3,236,524	15,876,965
<b>Claim from buyers</b>		
Norp Knit Industries	47,151,410	-
<b>(ii) Enterprise over which KMP has significant influence</b>		
Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Loan Given</b>		
PDS Multinational Fashion Limited	-	30,000,000
<b>Loan Received Back/ Interest Received</b>		
PDS Multinational Fashion Limited	-	30,000,000
Multinational Textiles Group Limited	-	73,283,488
<b>Reimbursement of Expenses</b>		
PDS Multinational Fashion Limited	299,999	216,575
<b>Expenses Paid By Us On Their Behalf</b>		
Norwest Industries Limited	67,251	-
<b>Interest Income</b>		
PDS Multinational Fashion Limited	2,999,998	2,165,753
Multinational Textiles Group Limited	-	1,031,935
<b>SAP Income</b>		
Multinational Textiles Group Limited	2,883,615	3,981,262
<b>Purchase of Assets</b>		
PDS Multinational Fashion Limited	-	92,684
<b>Closing Balance</b>		
Multinational Textiles Group Limited	-	3,981,262
Norwest Industries Limited	67,251	-
PDS Multinational Fashion Limited	32,026,849	31,353,699

# Notes

to the Financial Statements for the year ended March 31, 2017

## (iii) Key Managerial Personnel

	(Amount in ₹)	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Remuneration</b>		
Mr. Pulkrit Seth	9,621,600	7,528,800
Ms. Shefali Seth	6,021,600	6,028,800
Mr. Rajkumar Chawla	1,949,808	1,954,980
Mr. Vinod Vaish	1,290,696	1,276,968
Mr. Sandeep Sabharwal	1,462,008	1,376,784
<b>Expenses Paid By Us On Their Behalf</b>		
Mr. Deepak Seth	951,883	665,751
Mr. Vinod Vaish	7,500	
<b>Loan Repaid</b>		
Mr. Deepak Seth	-	649,815
<b>Interest Expenses</b>		
Mr. Deepak Seth	-	54,960
<b>Advance against Expenses</b>		
Mr. Raj Kumar Chawla	456,781	696,000
Mr. Vinod Vaish	695,000	1,328,081
Mr. Sandeep Sabharwal	-	545,700
<b>Expenses Incurred by Them on our Behalf</b>		
Mr. Deepak Seth	-	511,730
Mr. Raj Kumar Chawla	1,626,394	675,603
Mr. Vinod Vaish	816,520	1,328,081
Mr. Sandeep Sabharwal	463,450	
<b>Reimbursement of Expenses</b>		
Mr. Raj Kumar Chawla	-	575,603
<b>Directors sitting Fees</b>		
Mr. Deepak Seth	20,000	20,000
Mr. Anil Nayar	35,000	40,000
Mr. CR Dua	35,000	40,000
Mr. S.B. Mohapatra	15,000	40,000
Mr. Rajendra Aneja	10,000	-
<b>Incentive Paid</b>		
Mr. Raj Kumar Chawla	-	1,084,564
Mr. Sandeep Sabharwal	-	90,000
<b>Advance Received Back</b>		
Mr. Shefali Seth	-	27,432
Mr. Raj Kumar Chawla	148,940	-
Mr. Vinod Vaish	286,283	-
<b>Closing Balance( Receivable/(Payable))</b>		
Mr. Vinod Vaish	75,495	50,010
Mr. Raj Kumar Chawla	89,896	148,940
Mr. Sandeep Sabharwal	114,563	105,940
Mr. Pulkrit Seth	503,190	493,190
Ms. Shefali Seth	298,190	353,190

# Notes

to the Financial Statements for the year ended March 31, 2017

## NOTE 31 : 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 ₹ 100,962,893 (March 2016 ₹ 98,378,335) has been credited in the Statement of Profit & Loss . The future minimum lease payments Receivable and detail of assets as at March 31, 2017 are as under :

(Amount in ₹)

Particulars	As At March 31, 2017	As At March 31, 2016
Not later than 1 year	45,561,873	93,971,842
Later than 1 year but not later than 5 years	165,064,554	59,587,719
Later than 5 years	52,271,813	-
<b>Total</b>	<b>262,898,240</b>	<b>153,559,561</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 Receivable of ₹ 230,445 is standing as on March 31, 2017 in the books of accounts .

Particulars	(Amount in ₹)
Total Operating Lease Rent Receivable as on April 1, 2016	2,888,507
Lease Rent on Straight line basis (credited to Statement of Profit & Loss through Rent Income during the year)	(2,658,062)
Total Operating Lease Rent Receivable as on March 31, 2017	<b>230,445</b>

### (b) Asset Taken on Lease

- (i) The Company has taken certain assets on non cancelable operating lease and lease rent charged to Statement of Profit & Loss amounts to ₹ 122,344,661 (March 2016 ₹ 84,137,918). The details of future minimum lease payments is as under :

Particulars	As At March 31, 2017	As At March 31, 2016
Not later than 1 year	102,492,813	64,048,790
Later than 1 year but not later than 5 years	386,629,492	245,144,722
Later than 5 years	124,634,493	86,291,733
<b>Total</b>	<b>613,756,798</b>	<b>395,485,245</b>

- (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, 2016	5,172,494
Lease Rent on Straight line basis (debited to Statement of Profit & Loss through Rent Expense A/c)	8,059,543
Total Operating Lease Rent Payable as on March 31, 2017	<b>13,232,037</b>

# Notes

## to the Financial Statements for the year ended March 31, 2017

### 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:

	(Amount in ₹)
Particulars	
(a) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits of last three years)	3,142,675
(b) Amount spent during the year with respect to (a) above	3,142,675
(c) Amount spent during the year with respect to F.Y. 2015-16	2,475,325
(d) Amount earmarked by the CSR Committee for the F.Y. 2016-17	3,142,675
(e) Minimum Amount to be Spent [(a)-(b)]	0

### NOTE 33: CURRENCY DERIVATIVES

#### Forward Currency Contracts

- a) For the year ended March 31, 2017, the Company has recognised gain of ₹ 11,20,26,973 (March 31, 2016: ₹ 21,506,323) 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 March 31, 2017 USD	As At March 31, 2016 USD
Forward Foreign Exchange Contract	2,95,50,000 (Equivalent to ₹ 2,068,790,470)	1,34,00,000 (Equivalent to ₹ 928,234,560)
Forward Foreign Exchange Contract	Nil	Nil
	Nil	Nil

- c) Particulars of Unhedged foreign currency exposures as at March 31, 2017 :

Particulars	Foreign Currency	Document Currency (Amount in ₹)
Foreign Currency Receivable	\$2,512,854	162,933,455
	EUR 540,987.21	37,463,364
Foreign Currency Payable	\$4,099,058	265,782,930
Foreign Currency Loan Receivable	\$721,299	46,769,027

# Notes

## to the Financial Statements for the year ended March 31, 2017

### NOTE 34:

Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

(Amount in ₹)			
Particulars	SBN	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	5,463,500	554,410	6,017,910
Add: Permitted Receipts	-	3,735,825	3,735,825
Less: Permitted Payments	-	3,692,050	3,692,050
Less: Amount Deposited in Banks	5,463,500	-	5,463,500
Closing Cash in Hand as on 30.12.2016	-	598,185	598,185

### NOTE 35:

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, 2017.

### NOTE 36:

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 37:

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, 2017.

### NOTE 38:

The balances of trade receivables and trade payables are subject to reconciliation and confirmation as on March 31, 2017.

### NOTE 39:

Previous year figures have been regrouped & reclassified wherever considered necessary.

### NOTE 40:

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 : Gurugram  
Dated: May 26, 2017

**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: Pearl Tower, Plot No. 51, Sector-32, Gurugram-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 28<sup>th</sup> Annual General Meeting of the Company, to be held on 28<sup>th</sup> September, 2017 at 03:30P.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)
Ordinary Business				
1	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss Account of the Company for the year ended on that date and Consolidated Financial Statements 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, 2017.			
3	To appoint a Director in place of Mr. Deepak Seth, who retires by rotation and being eligible, offers himself for re-appointment.			
4	To appoint a Director in place of Mr. Pulkit Seth, who retires by rotation and being eligible, offers himself for re-appointment.			
5	To appoint M/s. B. R. Gupta & Co., Chartered Accountants, New Delhi (Regn. No. 008352N), as Statutory Auditors of the Company and to fix their remuneration.			
Special Business				
6	To appoint Mr. Abhishek Goyal (DIN 01928855) as Non-executive Independent Director.			
7	Revision in remuneration of Mr. Pulkit Seth, Managing Director of the Company.			
8	Revision in remuneration of Mrs. Shefali Seth, Whole-Time Director of the Company.			
9	To approve Related Party Transactions for the FY 2018-19.			

Signed this.....day of.....2017

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.

Affix  
Revenue  
Stamp

**Route map to the venue of the 28th Annual General Meeting of Pearl Global Industries Limited**



**Sri Sathya Sai International Centre,**  
Pragati Vihar, Lodhi Road, New Delhi - 110003



Factory



Fusing in process



Embroidery Dept



ETP & STP



Solar Panels



## Pearl Global Industries Limited

### Registered Office

"Pearl House"

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Naraina Industrial Area, Phase-II  
New Delhi-110028

CIN : L74899DL1989PLC036849

### Corporate Office

"Pearl Tower"

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