

M B A H & CO**CHARTERED ACCOUNTANTS**

A-301, Citiscape, Andheri Kurla Road,

Andheri (East), Mumbai 400059

Tel.: 022 40104772 Email: mbahco@gmail.com

PAN: AAEFB3648M, GSTIN: 27AAEFB3648M1Z6

Auditor's Certificate as per Sections 230 to 232 read with Section 66 of the Companies Act, 2013

To,
 The Board of Directors of Pioneer Embroideries Limited.
 Corp. Office: Unit No 21 to 25, 2nd Floor,
 Orient House, 3A Udyog Nagar,
 Off S.V. Road, Goregaon (West),
 Mumbai - 400 062,
 Maharashtra, India

Certificate of accounting treatment in the Composite Scheme of Arrangement in pursuance of the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 ("the Act") and relevant Rules

1. We have been requested by Pioneer Embroideries Limited to submit our Certificate for the sole purpose of confirming accounting treatment specified in Clause 13 and 14.1 of the Scheme of Arrangement ("Scheme") between Pioneer Embroideries Limited ("the Demerged Company" or "the Company") and Pioneer Realty Limited ("the Resulting Company") and their respective shareholders and creditors wherein the Embroidery & Bobbin Lace (ELD), known as "ELD Business" of the Demerged Company would stand transferred to and vested in the Resulting Company with effect from the appointed date i.e. April 1, 2022 in accordance with the terms of the Scheme and pursuant to the provisions of Sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 ("Act") with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles and submitting to the Securities and Exchange Board of India (SEBI), the BSE Limited (BSE), the National Company Law Tribunal (NCLT) and other regulatory authorities as applicable.
2. The Company has its registered Office situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058, Maharashtra.
3. We, M B A H & CO, Chartered Accountants (Firm Registration No.121426W) are the Statutory Auditors of Pioneer Embroideries Limited, have examined the accounting treatment specified in Clause 13 and 14.1 of the Scheme of Arrangement ("Scheme") between Pioneer Embroideries Limited and Pioneer Realty Limited and their respective shareholders and creditors which is annexed herewith as Annexure A.
4. Managements' Responsibility
 The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the companies involved.



5. **Auditors' Responsibility**

Our responsibility is only to examine and certify whether the Scheme complies with the applicable Accounting Standards and other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

We have conducted our examination in accordance with the Guidance Notes on Reports or Certificates for special purposes issued by Institute of Chartered Accountant of India. The Guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by Institute of Chartered Accountant of India.

6. **Opinion**

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment as mentioned in Clause 13 and Clause 14.1 of the Scheme, initialed and stamped for identification purposes, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standards as notified under Section 133 of the Companies Act, 2013 and other Generally Accepted Accounting Principles in India.

7. **Restriction on Use**

This Certificate is issued at the request of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited (BSE), the National Company Law Tribunal (NCLT) and other regulatory authorities as applicable. This Certificate should not be used for any other purpose without our prior written consent.

For M B A H & CO
Chartered Accountants
(Firm Registration No. 121426W)





Mahesh Bhageria
Partner
Membership No. 034499

UDIN: 22034499BATBMO2222
Place: Mumbai
Date: 21st October, 2022

Encl: Annexure A, prepared by the Demerged Company's management, initialed by us for identification purpose only.

Annexure A

Relevant extract of the Scheme of Arrangement between Pioneer Embroideries Limited (Demerged Company) and Pioneer Realty Limited (Resulting Company) and their respective shareholders and creditors under sections 230 to 232 read with section 66 of the companies act, 2013 and other applicable provisions of Companies Act, rules and regulations thereunder

13 REDUCTION OF SHARE CAPITAL OF THE DEMERGED COMPANY

- 13.1 Upon the Scheme becoming effective and as consequence to the demerger of the Demerged Undertaking as envisaged in the said the Scheme and upon the issuance of shares by the Resulting Company to the Shareholders of the Demerged Company in terms of Clause 11.2 above, the pre-demerger share capital of the Demerged Company shall stand reduced as per clause 13.2 of the Scheme, which shall be regarded as reduction of share capital of the Demerged Company, pursuant to section 66 of the Act as also any other applicable provisions of the Act.
- 13.2 Upon the Scheme becoming effective and upon allotment of New Equity Shares by the Resulting Company, the existing paid-up equity share capital of the Demerged Company shall be reduced by reducing the number of shares such that the shareholders in the Demerged Company whose names appear in the register of members and records of the depository as member of the Demerged Company, on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be such that the shareholding in the Demerged Company on such reduction of shares shall be reduced to 6 (Six) Equity Share of Rs.10/- (Rupees Ten) each fully paid up of the Demerged Company for every 10 (Ten) Equity Share of Rs.10/- (Rupees Ten) each fully paid up held in Demerged Company and balance shares i.e. 4 (four) Equity Shares of Rs. 10/- each shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Demerged Company to that effect shall stand cancelled and reduced without any further act or deed ("Demerged Company Cancelled Shares") and without any payment towards the same. This cancellation shall amount to reduction of the capital of the Demerged Company to this limited extent. The Directors shall be eligible to take all the steps to effectuate such reduction in compliance with the Applicable Laws and as may be applicable and relevant for the Demerged Company;
- 13.3 The proposed reduction is to keep the shareholding in both the Companies relevant to the worth of both the Undertakings of the Demerged Company. The reduction of capital of the Demerged Company pursuant to this Scheme shall be given effect as an integral part of the Scheme under section 230 to 232 of the Act and the consent given to the Scheme by the shareholders and the creditors of the Demerged Company shall be deemed to be their consent, as required under Section 66 of the Act to such reduction of capital of the Demerged Company and the Demerged Company shall not be required to convene any separate meeting for the purpose. The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act. Notwithstanding the reduction of subscribed and paid-up equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And Reduced" as a suffix to its name;
- 13.4 On effecting the reduction of the share capital as stated in Clause 13.2 above, the effect shall be given in a dematerialized form for all the shares which are held in the demat account. However, those shareholders who hold the shares in the physical form, the share certificates in respect of the Demerged Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled and new share certificates can be issued to such shareholders, subject to the approval of the Appropriate Authorities and as allowed under the Applicable Laws. All the Process and permissions as mentioned under Clauses 11.4 to 11.8 of the Scheme as applicable to the Resulting Company, shall be applicable to the Demerged Company;



- 13.5 On the Effective Date, the Demerged Company shall debit its share capital account in its books of account with the aggregate face value of the Demerged Company cancelled Shares;
- 13.6 The shares of the Demerged Company are already listed on the BSE and NSE and resultant reduced shares would continue to be listed on the said exchanges, which have nationwide terminal, in terms of and in compliance with the SEBI Regulations. The Demerged Company will arrange to for continuation of trading in the shares of the listed Demerged Company by taking relevant actions with the designated stock exchange.
- 13.7 There shall be no change in the shareholding pattern of the Demerged Company between the Record Date and the listing, which may affect the basis on which approval is received from the Stock Exchanges.
- 13.8 For the purpose of the reduction of Share Capital as mentioned in Clause 13.2 above pursuant to this Scheme, in case any shareholders holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Demerged Company shall not credit fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to one of the Directors as trustee (nominated by the Demerged Company in that behalf, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of new equity Shares by the Demerged Company, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the shares of the Demerged Company pertaining to the fractional entitlements.
- 13.9 The approval of this Scheme by the shareholders of the Companies under Sections 230 to 232 read with section 66 of the Companies Act, 2013 shall be deemed to have the approval under Sections 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and any other consents and approvals required in this regard.

14 ACCOUNTING TREATMENT

14.1 ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

Upon this Scheme coming into effect on the Effective Date, and with effect from the Appointed Date, the Demerged Company shall account for the Demerger and vesting of the Demerged Undertaking with the Resulting Company in its books of accounts in accordance with the Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time and other generally accepted accounting principles in India as under:

- i. the Demerged Company shall reduce the book values of assets, including investment in the shares of Resulting Company and liabilities of the Demerged Undertaking along with balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) as at the close of business on the day immediately preceding the Appointed Date in its books of accounts;
- ii. loans and advances and other dues outstanding as on the Appointed Date between the Demerged Company pertaining to the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/ outstanding in that behalf;
- iii. Upon the Scheme becoming effective as an integral part of the Scheme and in pursuant to clause 13 of the Scheme the equity share capital of the Demerged Company be reduced by reducing the



number of equity shares from 2,65,90,942 Equity Shares to 1,59,54,565 Equity Shares of Rs. 10/- each. The value of such equity share capital as reduced shall be adjusted against the difference between the book value of assets pertaining to the Demerged Undertaking and the book value of liabilities and balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) pertaining to the Demerged Undertaking transferred to the Resulting Company and as mentioned in Clause 11.14 of the Scheme;

- iv. the Demerged Company shall make an adjustment equal to the book values of the Demerged Undertaking as per Clause (i) above and after adjusting the cancellation and reduction as mentioned in Clause (ii) to (vi) above, remaining if any, shall be adjusted against the Retained Earnings account of the Demerged Company; and
- v. Till the time demerger effective and approved by the NCLT, the Resulting Company will be considered as a wholly owned subsidiary of the Demerged Company and thus consolidated financial statement from incorporation till the date the Scheme becomes effective will be prepared by the Demerged Company.



M B A H & CO

CHARTERED ACCOUNTANTS

A-301, Citiscape, Andheri Kurla Road,
Andheri (East), Mumbai 400059

Tel.: 022 40104772 Email: mbahco@gmail.com

PAN: AAEFB3648M, GSTIN: 27AAEFB3648M1Z6

Auditor's Certificate as per Sections 230 to 232 read with Section 66 of the Companies Act, 2013

To,
The Board of Directors,
Pioneer Realty Limited.
Regd. Office: Unit 101B, 1st flr,
Abhishek Premises, plot no. C5-6
Dalia Ind. Est., Off New Link Road,
Andheri (W) Mumbai - 400058,
Maharashtra, India

Certificate of accounting treatment in the Scheme of Arrangement in pursuance of the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 ("the Act") and relevant Rules

1. We have been requested by Pioneer Realty Limited to submit our Certificate for the sole purpose of confirming accounting treatment specified in Clause 12 and 14.2 of the Scheme of Arrangement ("Scheme") between Pioneer Embroideries Limited ("the Demerged Company") and Pioneer Realty Limited ("Resulting Company" or "the Company") and their respective shareholders and creditors wherein the Embroidery & Bobbin Lace (ELD), known as "ELD Business" of the Demerged Company would stand transferred to and vested in the Resulting Company with effect from the appointed date i.e. April 1, 2022 in accordance with the terms of the Scheme and pursuant to the provisions of Sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 ("Act") with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles and submitting to the Securities and Exchange Board of India (SEBI), the BSE Limited (BSE), the National Company Law Tribunal (NCLT) and other regulatory authorities as applicable.
2. The Company has its registered Office situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No. C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058, Maharashtra.
3. We, M B A H & CO, Chartered Accountants (Firm Registration No. 121426W) are the Statutory Auditors of Pioneer Realty Limited, have examined the accounting treatment specified in Clause 12 and 14.2 of the Scheme of Arrangement ("Scheme") between Pioneer Embroideries Limited and Pioneer Realty Limited and their respective shareholders and creditors which is annexed herewith as Annexure A.



4. Managements' Responsibility

The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the companies involved.

5. Auditors' Responsibility

Our responsibility is only to examine and certify whether the Scheme complies with the applicable Accounting Standards and other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

We have conducted our examination in accordance with the Guidance Notes on Reports or Certificates for special purposes issued by Institute of Chartered Accountant of India. The Guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by Institute of Chartered Accountant of India.

6. Opinion

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment as mentioned in Clause 12 and Clause 14.2 of the Scheme, initialed and stamped for identification purposes, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standards as notified under Section 133 of the Companies Act, 2013 and other Generally Accepted Accounting Principles in India.

7. Restriction on Use

This Certificate is issued at the request of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited (BSE), the National Company Law Tribunal (NCLT) and other regulatory authorities as applicable. This Certificate should not be used for any other purpose without our prior written consent.

UDIN:22034499BATBOS3168

Place: Mumbai

Date: 21st October, 2022



For M B A H & CO
Chartered Accountants
(Firm Registration No. 121426W)

Mahesh Bhageria
Partner

Membership No. 034499

Encl: Annexure A, prepared by the Resulting Company's management, initialed by us for identification purpose only.

Annexure A

Relevant extract of the Scheme of Arrangement between Pioneer Embroideries Limited (Demerged Company) and Pioneer Realty Limited (Resulting Company) and their respective shareholders and creditors under sections 230 to 232 read with section 66 of the companies act, 2013 and other applicable provisions of Companies Act, rules and regulations thereunder

12. CANCELLATION OF SHARES OF THE RESULTING COMPANY HELD BY THE DEMERGED COMPANY

- 12.1 Upon the Scheme becoming effective and upon allotment of New Equity Shares by the Resulting Company, 50,000 Equity Shares of Rs. 10/- each of the Resulting Company held by the Demerged Company, forming part of the Demerged Undertaking, shall without any application or deed, stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Resulting Company to that effect shall stand cancelled and reduced without any payments to the Demerged Company ("Resulting Company Cancelled Shares"). This cancellation shall amount to reduction of the capital of the Resulting Company to this limited extent;
- 12.2 There will be an automatic reduction of capital of the Resulting Company pursuant to this Scheme which shall be given effect as an integral part of the Scheme under section 230 to 232 of the Act and the consent given to the Scheme by the shareholders and the creditors of the Resulting Company shall be deemed to be their consent, as required under Section 66 of the Act to such reduction of capital of the Resulting Company and the Resulting Company shall not be required to convene any separate meeting for the purpose. The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act. Notwithstanding the reduction of subscribed and paid-up equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as a suffix to its name;
- 12.3 On effecting the reduction of the share capital as stated in Clause 12.1 above, the share certificates in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled;
- 12.4 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares;

14. ACCOUNTING TREATMENT

14.2 ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Resulting Company shall account for the transfer and vesting of the Demerged Undertaking as per the 'Pooling of interests' in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standards (Ind AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act and shall be recorded as under:

- i. The Resulting Company shall record the Assets and Liabilities along with balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) as appearing in the books of the Demerged Company at the close of business on the day immediately preceding the Appointed Date of the Demerged Undertaking vested in it as on the Appointed Date pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company;



- ii. The shareholding (represented by equity shares) of the Demerged company in the Resulting Company as on the Appointed Date will get cancelled against investment in shares of the Resulting Company held by Demerged Company, being transferred as a part of Demerged Undertaking;
- iii. The identity of all the Reserves (Securities Premium Account, share based payment account, Retained Earnings or reserves of any other nature) pertaining to the Demerged Undertaking of the Demerged Company shall be preserved and shall appear in the financial statements of the Resulting Company in the same form and manner, in which they appeared in the financial statements of the Demerged Company;
- iv. The Resulting Company shall issue and allot its shares to the shareholders of the Demerged Company in accordance with Clause 11.2 of Part II of this Scheme. With respect to the Shares Issued by the Resulting Company, the share capital account of the Resulting Company would be credited with the aggregate face value of the shares issued by it;
- v. The loans and advances or payables or receivables or any other investment or arrangement of any kind, held inter se, if any, between the Demerged Company and the Resulting Company shall stand cancelled, to the extent it belongs to the Demerged Undertaking;
- vi. The surplus/deficit, if any between the book value of Assets, Liabilities, reserves as reduced by the face value of the shares issued by the Resulting Company and after considering the cancellation of inter-company balances in accordance with Clause v above, if any, shall be recorded as capital reserve within "Other Equity" of the Resulting Company; and
- vii. In case of any difference in the accounting policies between the Demerged Company and the Resulting Company, the impact, if any of the same will be quantified and adjusted in the "Other Equity" of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

