

Date : 29th May, 2023
Ref. : BSE/NSE/18/2023-2024

To,
Dept. of Corporate Services,
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.
Company Code: 514300
Company ISIN: INE156C01018

To,
The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400051.
Company Code: PIONEEREMB
Company ISIN: INE156C01018

Sub. : Press Release – Pioneer Q4 performance marks a turnaround; Ends FY23 on a positive note despite year-long multiple headwinds.

Dear Sir/Madam,

In terms of Regulation 30 of SEBI (LODR) Regulations, 2015, please find enclosed the Press Release on the audited Financial results of the Company for the Quarter and Financial Year ended 31st March, 2023, with the title – **“Pioneer Q4 performance marks a turnaround; Ends FY23 on a positive note despite year-long multiple headwinds”**.

We request you to take the same on your records.

Thank you,

Yours faithfully,
For PIONEER EMBROIDERIES LIMITED

(AMI THAKKAR)
Company Secretary & Compliance Officer
Membership No.: FCS 9196
Encl: As Above

PIONEER EMBROIDERIES LIMITED

Regd. Office: Unit No. 101B, 1st Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off New Link Road, Andheri (West), Mumbai -400058. Website: www.pelhakoba.com, E-mail: mumbai@pelhakoba.com
Corporate Office: Unit No 21 to 25, 2nd Floor, Orient House, 3A Udyog Nagar, Off S.V. Road, Goregaon (West), Mumbai – 400 062. Maharashtra (India), Tel: +91-22-4223 2323 Fax: +91-22- 4223 2313.

CIN: L17291MH1991PLC063752



Pioneer Q4 performance marks a turnaround; Ends FY23 on a positive note despite year-long multiple headwinds.

- Revenues in Q4 FY23 up 12.8% sequentially, EBIDTA rises 76%
- Compared to corresponding previous quarter, Q4 FY24 EBIDTA up by 9.7 %, Cash profit up by 7.5% to 34.3 mn
- Drop in performance arrested in Q4 FY23, though full year FY23 ended with below-par operations due to weak demand and inability to pass on higher costs.

Mumbai, 29th May, 2023, Pioneer Embroideries Limited (PEL), reported results of its Q4 and 12M ending 31st Mar, 2023, and the brief of the same is as below,

Particulars (@Mn)	Q4 FY23	Q4 FY22	YoY Change
Income from Operations	744.1	743.5	↑ 0.1 %
EBITDA	53.9	49.1	↑ 9.7 %
EBITDA Margin	7.2%	6.6%	↑ 60 bps
PBT	22.5	18.4	↑ 22.4 %
PAT	12.9	12.5	↑ 3.0 %
PAT Margin	1.7 %	1.7 %	
EPS (Diluted) (•)	0.49	0.46	↑ 6.5 %

Higher deferred tax provision in Q4 FY23 have resulted in Profit after Tax remaining almost unchanged over corresponding previous period.

Key Financial & Operational Highlights for 12-M FY23

For the financial year FY2022-23, Pioneer managed to maintain its topline at about 2,966 mn, despite severe demand erosion, especially in high-margin value-added segments and territories of its Specialized Polyester Filament Yarn (SPFY) business. In FY23, the SPFY business recorded revenues of 2,490 mn (FY22 : 2,509 mn), while the Embroidery and Laces (EL) business witnessed a growth of about 14.2% in revenues during the same period – from 401 mn in FY22 to 458 mn in FY23. However, both businesses recorded notable increase in exports. While SPFY exports jumped 72% from 235 mn in FY22 to 405 mn in FY23, EL business exports surged from 43.5 mn to 111.8 mn during the same period, up 157%.

In the domestic market, while the EL business had steady revenues, the SPFY business' domestic topline dropped over 8% to 2,085 mn. Demand in the local market for high-margin floor covering products remained lacklustre, and as a result the value-added product category in SPFY recorded over 15% volume drop. The Company however, continuously explored alternative product categories in SPFY business in order to limit its overall production volume drop to just above 4%, but this did affect the business margins of SPFY, as well as of PEL as a whole. Margin erosion was also significantly attributable to cheaper Chinese imports, which affected entire polyester yarn segment.

Particulars (@Mn)	FY23	FY22	YoY Change
Income from Operations	2,966.4	2921.7	↑ 1.5 %
EBITDA	153.1	265.3	↓ 42.3 %
EBITDA Margin	5.2%	9.1%	↓ 390 bps
PBT	123.3	152.5	↓ 19.1 %
PAT	87.1	110.5	↓ 21.2 %
PAT Margin	2.9 %	3.8 %	↓ 90 bps
EPS (Diluted) (•)	3.27	4.13	↓ 6.5 %

Other Business Updates and Growth Outlook

As was communicated earlier, Pioneer's SPFY unit at Kala Amb, Himachal Pradesh, is expanding capacities on adjacent land. Building is already completed, and erection/ testing of the main extrusion machine is underway. All ancillary and value-added machines have been ordered and these should start getting operational gradually. Unit should be functional with initial trial runs, starting mid-June, and shall be achieving a capacity of about 26,000 MT p a by end-Sep 2023, up 40% from current level

During the course of the current financial year, PEL is looking to ramp up its SPFY volumes and tweak the product-mix in sync with the overall demand in the domestic and exports markets. While domestic interest rates and inflation seem to be cooling off, other overseas macro factors still remain challenging, especially in both Euro and US, regions struggling with inflation and recessionary trends. In FY2023, PEL has already done well to increase its presence notably in the apparel segment, which earlier was not being catered to, opening up an added avenue for directing its increased yarn production.

The EL expansion project at the new unit at Shree Ganesh Textile Park, Degaon, Dhule is in the final phase. Eight new high-speed embroidery machines have been received, and installation/ trial runs are under progress. Commercial production should start gradually from end-June, as power connection and few regulatory approvals are yet not in place fully. Most of the ancillary equipment and utilities are in place, while rest have been ordered. Pioneer is also one of the promoters of this textile park, and much more economic activity is expected in the coming years.

The EL expanded capacities are expected to go on stream in time for the high-demand domestic festival season, and also when export-led demand is likely to see an uptick. PEL is confident of increased volume-led growth in the EL business from second half of the current financial year. Rise in revenues should expectedly be accompanied by improved margins, as modernisation and consolidation of EL business should lower labor and maintenance costs and ensure better efficiencies in future.

About Pioneer Embroideries Limited:

Established in 1991 by Mr Raj Kumar Sekhani, Pioneer Embroideries Limited ("PEL") is one of India's notable manufacturers and exporter of value-added Specialized Polyester Filament Yarn and Embroidery & Laces. It has a state-of-the-art SPFY manufacturing facility at Himachal Pradesh and three Embroidery & Laces manufacturing facilities in Gujarat and Dadra & Nagar Haveli.

Within a few years, PEL has carved a permanent niche for itself in the SPFY business worldwide, with best-in-class quality under the **SILKOLITE** brand. PEL has a yarn capacity of about 18,000 MT pa. The Company's products find application mainly in the non-apparel segment, used in carpets, bath mats, upholstery fabrics, and curtains. PEL became one of the first textile companies to create a brand in a highly commoditized yarn business.

PEL has a capacity of about 14 mm meters for laces and about 1,200 mn stitches of embroidery. PEL's products enjoy a premium in the marketplace because of better quality, design, and capacity. Owners of the heritage brand – **Hakoba** – PEL has added strength to the brand by building upon an extensive library of embroidery designs, making Hakoba synonymous with high-quality embroidery across the world. At present, the Company has two active embroidery and lace manufacturing facilities at Naroli (UT DN&H) and Sarigam (Gujarat), along with a wide marketing presence at all the major markets

The Board of Directors of the Company have considered and approved the Draft Scheme of Arrangement as per which the EL business is proposed to be transferred to Pioneer Realty Limited, a 100% subsidiary of Pioneer, which would subsequently get listed, and have a mirror shareholding. PEL would continue to house the SPFY business. The demerger is under process, necessary filings have been made and the Company is awaiting various regulatory and other approvals.

Safe harbour statement:

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project-related issues, are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The Company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions, or other factors.

SILKOLITE
Scale to Value....

hakoba
Embroidery beyond *YOUR* imagination

