PIONEER GROUP

Date : 31st May, 2024
Ref. : BSE/NSE/CSE/21/2024-2025.

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

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

To,
The Listing Department,
Calcutta Stock Exchange Ltd,
7, Lyons Range, 4th Floor,
Kolkata – 700 001.
Company Code: 26033
Company ISIN: INE156C01018

Sub. : Press Release – Strong Q4 performance. Expansion-led growth in both revenues and profitability ensures FY2023-24 ends on a firm note.

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, 2024, with the title **"Strong Q4 performance. Expansion-led growth in both revenues and profitability ensures FY2023-24 ends on a firm note."**

We request you to take the same on your records.

Thank you,

Yours faithfully,
For PIONEER EMBROIDERIES LIMITED

Ami Samir Thakkar
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(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

Strong Q4 performance. Expansion-led growth in both revenues and profitability ensures FY2023-24 ends on a firm note.

Mumbai, 2024, Pioneer Embroideries Limited (PEL), reported results of its Q4 and 12M ending 31st Mar, 2024, and the brief of the same is as below,

Fourth Quarter Financial Highlights

- **Fourth quarter Income rises 27% on YOY basis on enhanced production**
- **EBIDTA margins rise substantially to 10.3%, while EBIDTA increases by 80%**
- **Despite higher incidence of interest costs, PAT witnesses near 100% rise, while cash profit for the quarter jumped 24% to** about **₹ 42.7 mn)**

Particulars (₹ Mn)	Q4 FY24	Q4 FY23	YoY Change
Income from Operations	946.5	744.1	27.2 %
EBITDA	97.3	53.9	80.6 %
EBITDA Margin	10.3%	7.2%	310 bps
PBT	28.4	22.5	26.1 %
PAT	25.3	12.9	96.3 %
PAT Margin	2.7 %	1.7 %	100 bps
EPS (Diluted) (₹)	0.91	0.49	85.7 %

The Q-on-Q growth for the Company was also impressive, with revenues rising 11% and EBIDTA gaining by around 48%.

FY2023-24 Financial Highlights

- **Despite slower growth in earlier quarters, PEL ends the year with a net gain of 13.3%.**
- **Company clocks 72% jump in EBIDTA, margins rise by 260 bps over previous year.**

Particulars (₹ Mn)	FY23-24	FY22-23	YoY Change
Income from Operations	3,361.9	2,966.4	13.3 %
EBITDA	263.9	153.1	72.3 %
EBITDA Margin	7.8 %	5.2%	260 bps
PBT	45.8	32.1	42.8 %
PAT	28.8	87.1 #	
PAT Margin	1.2 %	2.9 %	
EPS (Diluted) (₹)	1.39	3.27	

 # includes pre-tax Exceptional Income (net) of about ₹ 91.2 mn, hence directly not comparable.

Key Operational Highlights for 12-M FY24

During the financial year, both the businesses – Specialized Polyester Filament Yarn (SPFY) and Embroidery and Laces (EL) – grew almost equally, with the former contributing about 84% to the Company's revenues. Both the businesses also witnessed rise in EBIDTA and margins, over previous year and PEL's EBIDTA grew 72% from ₹ 153.1 mn to about ₹ 263.9 mn.

Ami Samir Thakkar Digitally signed by Ami Samir Thakkar Date: 2024.05.31 14:58:18 +05'30'

As the capacity expansion in both the businesses got completed during the year, FY23-24 saw a substantial rise in interest cost, from ₹ 36.4 mn to about ₹ 92.6 mn. Depreciation also increased by about 48% to about ₹ 125.4 mn during the year. Both these cost items limited the rise in Profit before Tax and Exceptional Items, which rose from₹ 32.1 mn to about ₹ 45.8 mn only.

Exports however, remained constrained for both SPFY and EL, owing to higher logistics costs related to Red Sea conflict, and overall inflationary trends in Europe and US affecting both demand and retail inventory levels for textiles in general. With its effective marketing network rising to the challenge, PEL did well in domestic market and non-traditional export geographies. The domestic sales for EL grew by 39% to about ₹ 506.5 mn and that of SPFY grew by 15% to about ₹ 2,389.4 mn. Exports on the other hand, were down 70% for EL to about ₹ 34.0 mn and for SPFY it grew by mere 7% to about ₹ 432 mn.

For PEL, the performance in the second half was expectedly better, as its expanded capacities came into play. While turnover in H2 was higher by 15% over H1, despite macro headwinds, the EBIDTA margins were substantially higher at 9.1% as compared to 6.4% in H1.

Growth Outlook

In the coming quarters, PEL expects that its Q4/ H2 performance would become the new normal, and is expecting the macro situation to become favorable over time. SPFY capacity utilisation of about 80-85% should also aid in improved performance over time.

PEL's expansion exercise being over, the Company is now striving to maximise the benefits from the same. In case of SPFY, this would happen through tweaking of the product-mix in sync with the overall demand in the domestic and exports markets. The current year is showing positive signs on the back of a strong last quarter for non-apparel business which continues to remain strong. Our foray into super specialty segments of Flame retardant, Bio-degradable polyester yarns, corn fiber based yarns, recycled yarns (Global Recycled Standard (GRS) certified) is keeping us in right stead and ready to capitalize once the external environment is supportive. Our GRS certified recycled yarn business is already close to 20% of the total volumes of SPFY business and expected to go up only.

For EL, the benefits would arise out of modernisation and consolidation of facilities, and better efficiencies in production.

Notably, in case of SPFY, the sales generated from expanded capacities in FY24 also went primarily into value-added products, and the share of which rose by almost 25% in value terms during the year. Switching to higher value-added products during the overall depressed market has benefitted the Company, as otherwise the overall margins would have been much lower than reported. The full benefit from margin expansion should likely come in the current financial year, as export markets ease up and domestic demand continues to remain strong.

Textile business internationally continues to face headwinds in the developed economies on account of high interest regime and also the geo-political tensions affecting sea trade. However, exports are likely to rise in the coming quarters, both in traditional markets for PEL (US and Europe) as well as other new geographies which the Company has been developing for itself over last couple of years. Crude oil price movement, which has largely remained stable for most part of FY23-24, should continue to remain so if growth in demand has to happen. A pick up in exports is also generally linked to improved margin profile for PEL.

Domestically also, the textile demand, which was impacted due to system-wide inventory correction resulting from the 45-day payment cycle stipulated for MSME creditors, should pick up in the coming quarters on normalisation of changed dynamics.

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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, Dadra & Nagar Haveli and Maharashtra.

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'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 three embroidery and lace manufacturing facilities at Naroli (UT DN&H), Sarigam (Gujarat) and Degaon (Maharashtra), along with a wide marketing presence at all the major markets.

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.

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