



## Update on Third Quarter – FY2021 Financial Performance

**Pioneer Embroideries Ltd. (PEL)**, a leading manufacturer of customized Dope Dyed Polyester Yarn (DDPY) and Embroidered Fabrics & Laces (EFL), reported its third quarter financial performance, which saw it achieving one of its best-ever operational EBIDTA on back of a good demand of its DDPY products in domestic and exports markets.

Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA) for Q3 FY2021 stood at ₹1,121 lakh, more than double over the corresponding previous quarterly figure of ₹536 lakh. On a quarter-on-quarter basis, EBIDTA for the third quarter was also 95 % higher. Similarly, for the 9-month period ending Dec, 2020, PEL's EBIDTA of ₹1,849 lakh increased by 15% over the corresponding previous period figure of ₹1,604 lakh.

Thus, the Company's performance has emphatically overcome the ill-effects of Covid 19 pandemic and subsequent lockdown, which were more pronounced in the first two quarters of the current financial year, and PEL is now on course to close the current year in a positive growth territory.

Sales for the third quarter stood at ₹6,886 lakh, as against ₹5,796 lakh in the corresponding previous quarter, and ₹5,237 lakh in the immediate previous quarter. The profit before tax during the same period stood at ₹801 lakh, more than double the figure of ₹393 lakh in the corresponding previous quarter, and over three times the reported profit before tax of ₹244 lakh in the immediate previous quarter

For the 9-month period ending Dec, 2020, PEL's sales stood at ₹14,562 lakh, as against sales of ₹18,631 lakh in the corresponding previous period. The profit before tax during the same period stood at ₹878 lakh, 32% higher than the figure of ₹667 lakh in the corresponding previous period. The profitability was higher also because of almost 25% reduction in the interest costs during the reporting period, brought about by reduction in borrowings and cost of capital.

The improved performance in the current quarter and 9-month period ending Dec 2020 is largely attributable to the DDPY business, which accounts for almost 90% of overall sales of the Company. PEL's DDPY products, which find use in furnishings, upholstery, carpets, etc., witnessed a surge in demand in both domestic and exports markets. The company recorded exports of ₹3,322 lakh during the 9-month period, primarily to countries like Belgium, USA, Turkey, Egypt etc as against ₹3,540 lakh for the entire previous financial year. Incidentally, PEL's DDPY unit at Himachal Pradesh, and all its major products, are also certified for Oeko

# PIONEER EMBROIDERIES LIMITED

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**CIN: L17291MH1991PLC063752**



Tex standards to certify use of safe chemicals/dyes in the entire manufacturing process of making dyed yarns. Further the company has successfully achieved Global Recycled Standard (GRS) 4.0 label (yarns made from PET bottles to capture sustainability tag) for its entire product range after due inspection and assessment by independent certification agency ONE CERT.

For the DDPY business, sales, raw material costs and consequently gross margins, in different reporting periods are not strictly comparable, as all these track the price movement of crude oil and its derivatives. PEL instead focusses primarily on maximising EBIDTA levels, and tweaks its product mix, customer mix and domestic-exports mix to achieve its targeted performance.

The Company's EFL business, however, is yet to achieve a full recovery towards its optimum performance, having recorded a minor negative EBIDTA for the current 9-month period, and the management is taking strategic initiatives to restore the same. The broad plan is to consolidate EFL manufacturing and get equipped with latest machinery, while simultaneously reaching out to end customers through its **Hakoba** Brand of embroidered products.

Thanking you,

Yours faithfully,

For PIONEER EMBROIDERIES LIMITED

(HARSH VARDHAN BASSI)

MANAGING DIRECTOR

DIN:00102941

2<sup>nd</sup> February, 2021

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