



Date : 19th November, 2022
Ref. : BSE/NSE/56/2022-2023.

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 H1 FY23 Revenue up 10%; Inflationary pressures play spoilsport

Dear Sir/Madam,

In terms of Regulation 30 of SEBI (LODR) Regulations, 2015, please find enclosed the Press Release on the unaudited financial results of the Company for the Quarter and half year ended 30th September, 2022, with the title – “**Pioneer H1 FY23 Revenue up 10%; Inflationary pressures play spoilsport**”.

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

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CIN: L17291MH1991PLC063752



PIONEER GROUP

Pioneer H1 FY23 Revenue up 10%; Inflationary pressures play spoilsport

- Business margins remain under pressure, EBIDTA reduces to 68.7 mn
- Net profitability higher by about 7% to 72.4 mn, primarily on account of asset sale
- New capacity addition and ebbing margin pressure expected to improve performance in coming quarters.

Mumbai, November 18, 2022, Pioneer Embroideries Limited (PEL), continued to experience margin pressure in its Specialized Polyester Filament Yarn (SPFY) business even in the second quarter, resulting in overall lower EBIDTA levels for the Company. During the quarter, as part of its ongoing consolidation exercise, PEL sold assets at its Coimbatore Embroidery Unit, including certain equipment, and the gains from the same aided the Company to report increased PAT during the period.

Key Financials at a Glance:

Particulars (₹ Mn)	H1 FY23	H1 FY22	YoY Change
Total Income	1,585	1,428	↑ 11.0 %
EBITDA	69	147	↓ 53.1 %
EBITDA Margin	4.3%	10.3%	↓ 600 bps
Exceptional Items (Net Gain)	91	-	
PBT	98	93	↑ 5.4 %
PAT	72	68	↑ 5.9 %
PAT Margin	4.5%	4.8%	↓ 30 bps
EPS (Diluted) (₹)	2.72	2.55	↑ 6.7 %

Key Financial & Operational Highlights for the H1 FY23:

During the 6-month period ending Sep, 2022, SPFY business contributed ₹ 1,340 mn as turnover, up about 5.4%. Though the demand in the high-margin upholstery and floor covering segment was lower, the Company was quick to divert its produce to the apparel segment, in both exports and domestic markets. In exports, as the demand from high-yielding EU and US markets reduced, PEL re-directed its products to Africa and South America. Share of exports in overall SPFY sales improved by 800 basis points to about 21%. Company managed to keep its SPFY sales volume intact despite multiple headwinds, increasing slightly by over 2% to 8,124 MT during H1 FY23.

The shift in product demand was evident as the share of value-added component in SPFY business reduced from 65% to 59% in tonnage and from 74% to 67% in value terms during the current H1 period, compared to corresponding previous period. The domestic market also witnessed pressure due to import of Chinese-made products at aggressive pricing. Consequently, EBIDTA margins of the overall SPFY business reduced to about 5.2%.

While demand shift and input costs pressure did affect the working in the current period, the comparison to the corresponding previous period is also not fully justified as the same had witnessed above-normal resurgence following the easing of Covid-pandemic impact.

Meanwhile, for the Embroidery & Laces (EL) business, Company reported 46% higher revenues to ₹ 213 Mn, with both domestic market and export demand picking up notably. During the second quarter, Company sold off the land and building and embroidery equipment at its Embroidery and Laces setup at Coimbatore. The Bobbin Lace machines were re-installed to PELs existing setup at Sarigam. Sale of

assets yielded about ₹ 112 Mn as exceptional profits for the Company (Sale proceeds were at ₹ 130 Mn). Coimbatore unit accounted for about 20% of EL business turnover, and closure affected the sales in almost the entire second quarter. This should get reinstated shortly on account of relocation and outsourcing of manufacturing activity.

The Company is in the process of modernising and consolidating its EL manufacturing assets at Shree Ganesh Textile Park, Degaon, Dhule, at a cost of about Rs 50 cr. Appropriate credit facilities have been tied up, and import orders for equipment have been placed. The new set up should start contributing increasingly from the next financial year, and with better product quality, speed of operations and low labor costs should result in significant rise in gross margins, which currently are in low, single-digits.

SPFY business scenario is expected to remain tough for another 1-2 quarters, although the volatility is slowing down. Factors like the high input prices (crude oil, freight costs, colorants, packing material, etc.), rising inflation, hike in interest rates and slowdown concerns across geographies need to ease out, along with inventory rationalization, for demand and profitability to return to normalcy. On a more company-specific level, PEL by then should most likely be completing its ongoing expansion in the SPFY facilities, adding on another 8,000 MT of annual capacity to its existing 18,000 MT capacity. The fresh capacities are expected to go on stream by April-May 2023. The inroads made by PEL in the apparel segment in various markets in these tough times would help the Company to easily ensure offtake of its increased production.

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 1,700 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

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

