



PIONEER GROUP

Date : 25th October, 2016
Ref. : BSE/47/2016-2017

To,
BSE Ltd
Phiroze Jeejeebhoy Towers
Dalal Street Fort
Mumbai - 400 001

Dear Sir/ Madam

Ref. : Company Code : 514300

Sub. : Company updates

Disclosure of information pursuant to applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Pioneer Embroideries Ltd. (PEL), today takes immense pleasure in celebrating its 25th year of existence. This is a momentous occasion for the Company, as it looks back proudly at the long journey which started with a simple idea and evolved into a successful business. The Company wishes to credit the Silver Jubilee to its shareholders, employees, bankers and well-wishers, as it is because of these set of people, Pioneer has been able to stride during the good times, navigate through the troubled years and numerous business cycles, and emerge leaner and stronger. The management is fully resolved to strive hard to ensure even better growth and achievements in the years ahead.

On this occasion, we propose to share an Investor Presentation giving the current update on the Company.

Thanking you,

Yours faithfully,

For PIONEER EMBROIDERIES LIMITED

Ami S Thakkar

(AMI THAKKAR)

Company Secretary & Compliance Officer

Membership No.: ACS 23760

Encl: As Above



PIONEER EMBROIDERIES LIMITED

.... a stitch ahead of time

Corp. Off.: Unit No 21 to 25, 2nd Floor Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai - 400062
Tel.: 022-4223 2323 • Fax : 022-4223 2313 • E-mail : mumbai@pelhakoba.com • Website : www.pelhakoba.com

Regd. Off.: 101-B, Abhishek Premises, Plot No. C 5-6, Dalia Industrial Estate, Off New Link Rd., Andheri (W), Mumbai - 400 058.

CIN No : L17291MH1991PLC063752

® hakoba

Embroidery beyond your imagination



PIONEER GROUP

PIONEER EMBROIDERIES LTD.

INVESTOR UPDATE

SILKOLITE
Scale to Value....

hakoba
Embroidery beyond your imagination



VISION & MISSION



Our vision

- Pioneer aspires to be the industry leader in its product segments, through innovative creations, impeccable quality and client service at par with international standards, thereby ensuring continued customer satisfaction

Our mission

- To encourage a sense of ownership, empowerment and team spirit amongst employees.
- Reskill and upskill employees to make them more efficient, progressive, compliant with relevant legislations and environment related issues, and finally better individuals.
- To deliver in time, high standards of client services and product quality, ensuring continuous customer satisfaction levels.
- To attain enhanced level of operational discipline and efficiency.
- To strives to protect each shareholder's investment and provide a return over time, which meets or exceeds their expectations.
- To be fair to all stakeholders, and ensure integrity and honesty in all business

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EXECUTIVE SUMMARY



OVERVIEW

- Pioneer Embroideries Ltd (“PEL”), incorporated in 1991, was promoted by Mr. Raj Kumar Sekhani, and is today an established name in the Embroidery, Laces and the Yarn business.
- The company is headquartered in Mumbai and has manufacturing and processing facilities across the country.

BUSINESS & REVENUE (%) MIX

- **Dope Dyed Polyester Yarn (76%)** – The company manufactures a wide range of Yarn, like fully drawn yarn, single twisted, doubled yarns, multiplied yarns and air texturized yarn, from deniers as fine as 30 to as coarse as 600. The Yarn marketed under the brand name of SILKOLITE is suitable for many applications such as Carpets, Bath Mats, Upholstery fabrics, Curtains, Furnishings, Embroidery, Narrow Fabrics, Knitting, Labels etc.
- **Embroidery & Lace (24%)** – The company manufactures a range of embroidery products and Laces. Pioneer maintains its premium position by leveraging its strength in product development, superior quality control and the company’s brand “HAKOBA”, which is a synonym to Embroidery.

KEY STRENGTHS

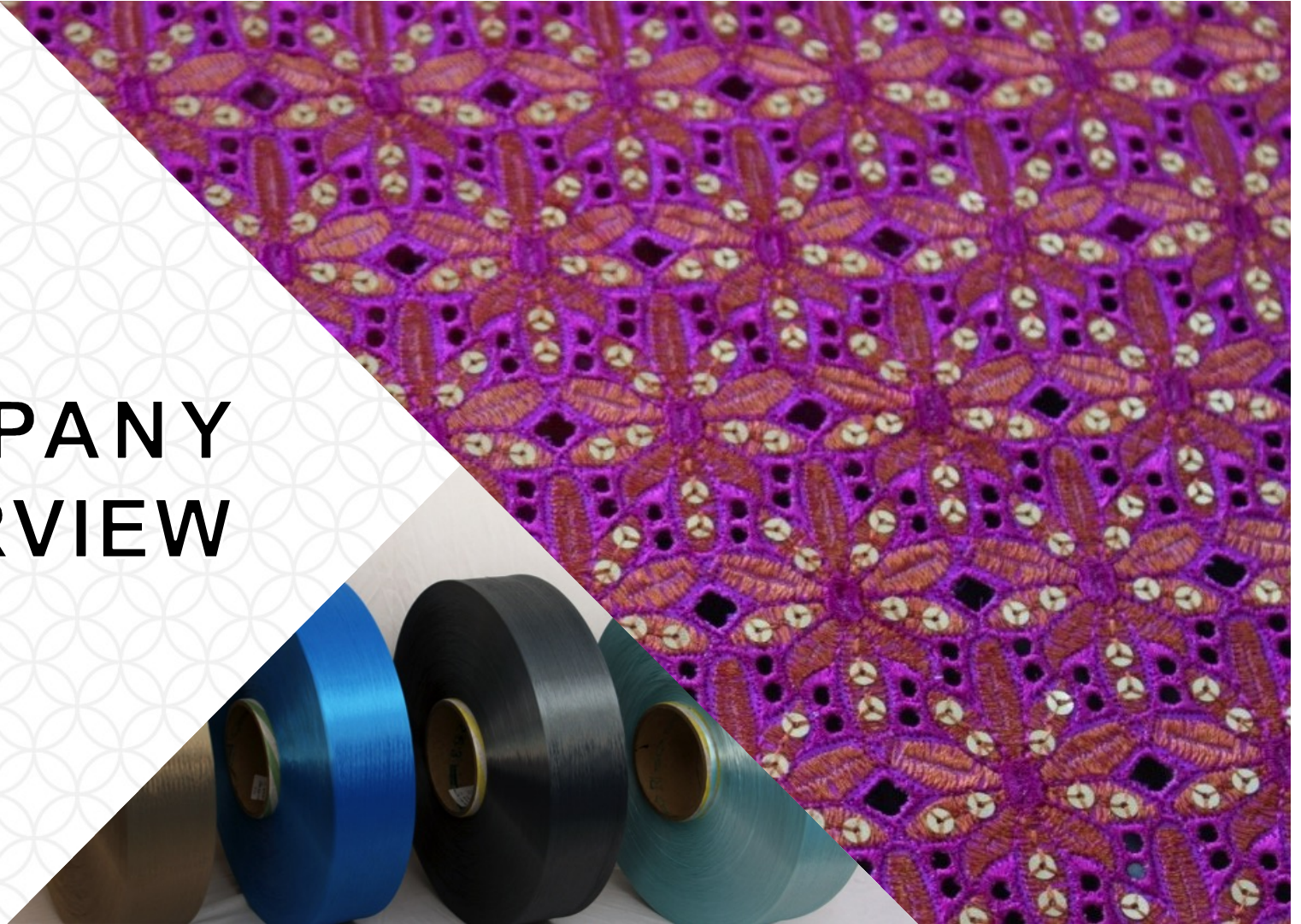
- Well established brands like HAKOBA and SILKOLITE
- One of India’s largest manufacturer and exporter of embroidered fabric and laces, with over 3,00,000 design collections
- Niche presence and speciality in Dope Dyed Yarn Business

FINANCIALS (FY16)

- **Total Income*** – INR 2,554 mn
- **Business EBIDTA*** – INR 215 mn
- **Reported PAT** – INR 165 mn

* Total Income and Business EBIDTA exclude Exceptional Items

COMPANY OVERVIEW

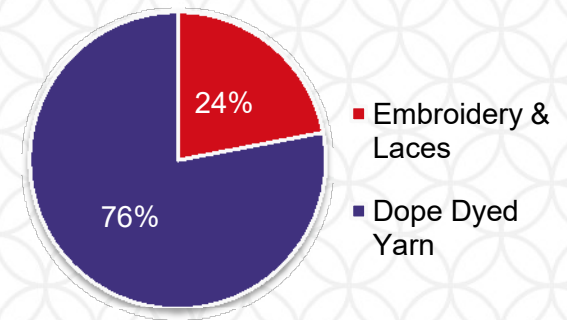


COMPANY OVERVIEW

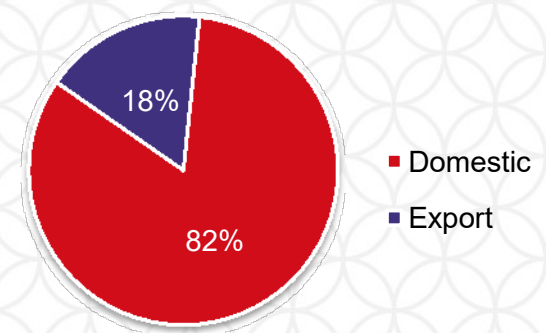


- Pioneer Embroideries is **one of India's largest manufacturer and exporter** of Embroideries, Laces, and Dope Dyed Yarn.
- The manufacturing facilities are located at Sarigam (Gujarat), Naroli (Dadra & Nagar Haveli), Coimbatore (Tamil Nadu), Kala-amb (Himachal Pradesh).
- The company exports its products across North America, Latin America, Europe, Middle East and Africa.
- The company manufactures Dope Dyed Yarn under the brand name "**SILKOLITE**" and it is widely accepted for many applications such as Carpets, Bath Mats, Upholstery fabrics, Curtains, Furnishings, Narrow Fabrics, Knitting, Labels.
- The company also has a retail brand for embroidered fabrics, SKDs & Sarees called "**HAKOBA**", which is a synonym to the embroidery across the world.
- Around **3,00,000 designs of embroidery and lace products** fulfill the varied requirements and preferences of the clients.
- Apart from the expertise in designing and manufacturing process, the company also has a well-established marketing and distribution network in the embroidery segment.

Revenue Breakup



Geographical Breakup



KEY MANAGEMENT PERSONNEL



Mr. Raj Kumar Sekhani,
58 - Chairman

Promoter-Director & Chairman, Mr Sekhani is a first generation entrepreneur with a wide experience in embroidery and textiles. Having been in the business for over three decades, his business acumen and expertise in manufacturing, trading and marketing of overall garment accessories, has been the back bone of the company's success.



Mr. Harshvardhan Bassi,
43 - Managing Director

Having started his business career at a young age, Harsh effectively combines his entrepreneurial skills with the experience garnered in various business verticals in textiles. His key strengths of business development and international marketing has helped the company successfully interact with reputed global players.

PROFESSIONAL MANAGEMENT TEAM

Kuntal Pandit
Sr. Vice President
(Sairagam Unit Head)

Saurabh Maheshwari
Associate Director
Dope Dyed Yarn Div.

Sandeep Sharma
President
Marketing (Naroli Unit Head)

Aarav Sekhani
Vice President
Marketing

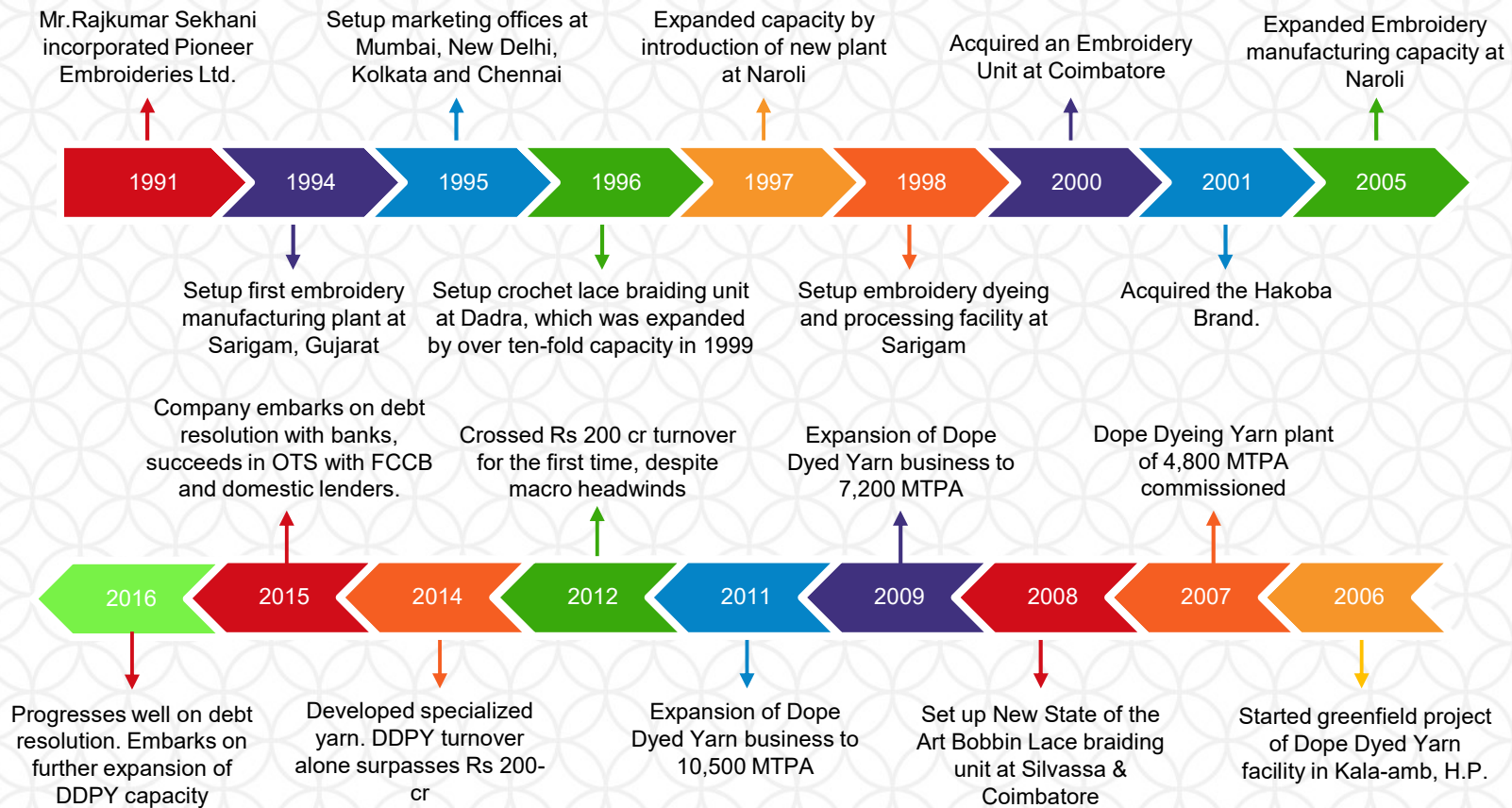
Nawal Sharma
CFO

Vishal Sekhani
Vice President - Finance

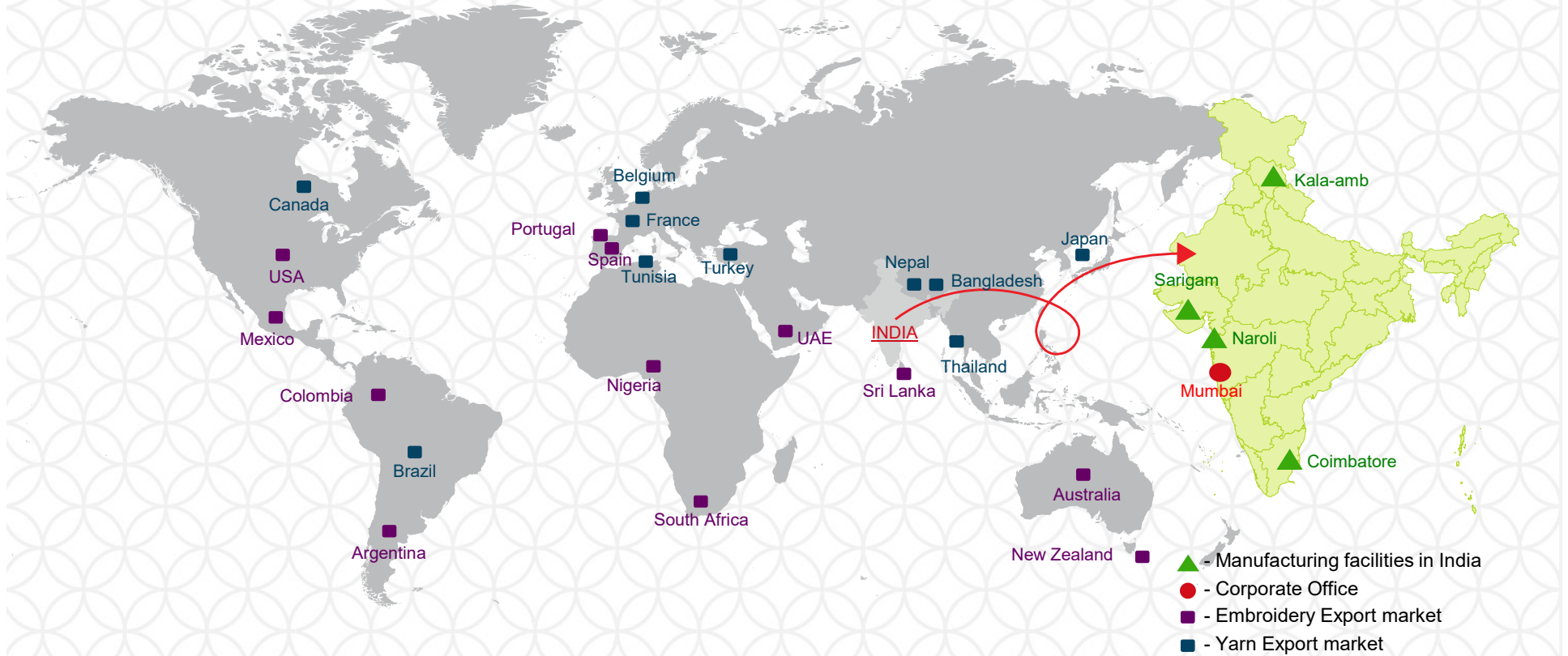
Deepak Sipani
General Manager
Corporate Accounts & Finance

K.R.P. Gangadharan
Vice President
(Coimbatore Unit Head)

KEY MILESTONES



GLOBAL FOOTPRINT



MANUFACTURING FACILITIES



Sarigam, Gujarat



- **Embroidered Laces** - Fabric & Guipure, Embroidered material (made on Schiffli machines)
- **Braided Laces** (Bobbin Lace machines)
- Process House
- Capacity (Emb) : 906 mn stitches
- Capacity (Lace) : 65.52 Lakh metres

- **Embroidered fabrics, Allover fabrics and laces** (made on Schiffli machines)
- **Braided Laces** (Bobbin Lace machines)
- These are made on Schiffli machines
- Capacity (Emb) – 520 mn stitches
- Capacity (Lace) : 76.76 Lakh metres

Coimbatore, Tamil Nadu



Naroli, Silvassa



- **Embroidered fabrics, Allover fabrics and laces.**
- These are made on Schiffli machines
- Capacity : 880 million stitches
- Strong Workforce combined with skilled labour

- State of the art plant at Kala-amb makes **Dope Dyed Polyester Yarns.**
- Latest technology
- Utilization levels – more than 95 %
- Capacity: 12,000 MTPA

Kala-Amb, Himachal Pradesh



KEY STRENGTHS



One of India's largest manufacturer and exporter of embroideries and Laces

Owns brand "HAKOBA", which is a synonym for embroidered garments across the world

Smaller batch capacity with modern equipment, flexible product capacity and well-established customer base in DDPY



Strong market knowledge and intelligence leading to improved designs with over 3,00,000 design collections in Embroidered Fabrics and Laces

Niche presence in Dope Dyed products, has brought branding in businesses like Embroidery and DDPY

One of the few companies to have a color library of more than 1200 shades for Dope dyeing



BUSINESS OVERVIEW

BUSINESS SEGMENTS



Business Segments

Dope Dyed Polyester Yarn

Air Texturised Yarns

Carpet Yarns

Twisted Yarns

Fully Drawn Yarn

Embroidery

Cotton

Gupier (Chemical)

Knitted Fabric

Tulle

Lace

Flat Bed Knitted Laces

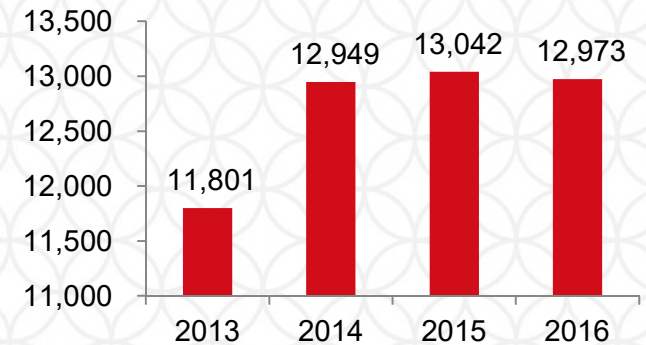
Fancy Laces

DOPE DYED POLYESTER YARN

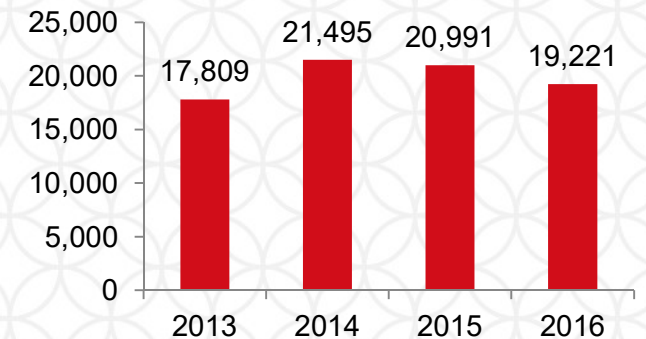


- PEL setup a Dope Dyed Polyester Yarn (DDPY) manufacturing facility in Kala-amb, Himachal Pradesh in 2007, sensing this niche industry which was in need of supplying a wide range of quality products at user-specific order size.
- PEL's DDPY plant at Kala Amb, Himachal Pradesh, is today **one of the most unique (end to end solution)** plant in India and **probably in the whole of South East Asia**.
- In DDPY, the yarn is dyed at the polymer stage and before the extrusion process, the solution of polymer is mixed with pigment and the extruded yarns are colored with excellent colour fastness.
- The Dope Dyed business has emerged as a profitable venture and a good diversification over the years.
- Cognizant of the growth prospects of the business, **the capacity was enhanced from 4800 MTPA to 12,000 MTPA**, with current utilizations at optimum levels.
- PEL has managed to garner notable market presence in this vertical with **over 1,200 shades** and customised order quantities as per customer requirements.

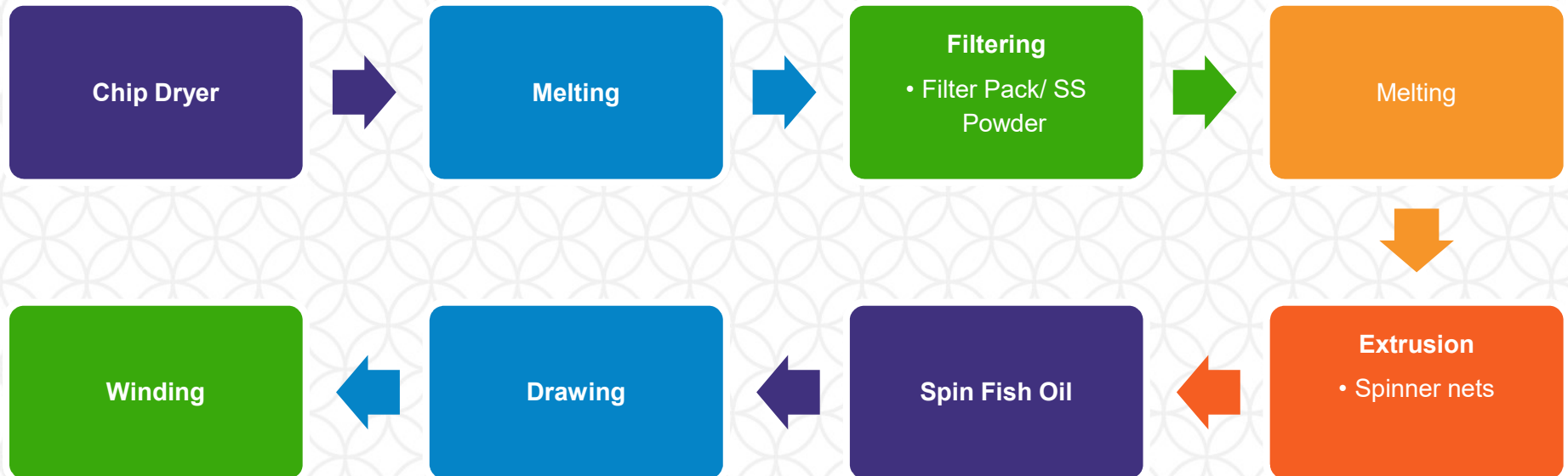
Turnover (Qty in MT)



Turnover (INR lac)



DOPE DYED YARN PROCESS

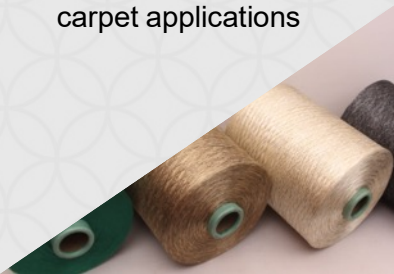


PORTFOLIO OF DOPE DYED YARNS



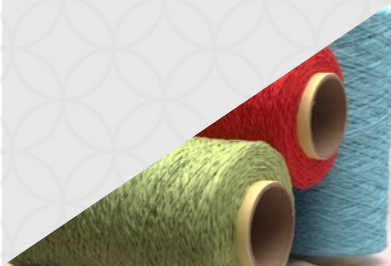
Air Texturized Yarns

- Denier range 50 - 2500 denier
- Available in solid and mélange colours
- Offers flexibility of developing customer specific shades also
- Used for Weaving, Circular & Flat Knitting
- Highly suitable for upholstery fabrics and carpet applications



Carpet Yarns

- Selected range of colours specifically suitable for the hand tufted or machine woven carpets
- Shade bank of more than 220 options and denier range of 3,000 - 6,000 Deniers



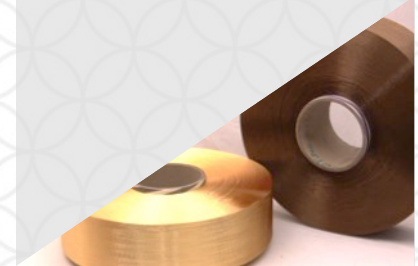
Twisted Yarns

- Denier range 75 - 600
- Twist range 80 - 650 TPM
- Autoclave temperature setting for fixation of shrinkage
- Applications : Label weaving, salvage applications, sewing threads, embroidery threads and carpet yarns



FDY

- FDY is mainly used as weft or weaves in making fabrics.
- FDY can be knitted or woven with any other filament yarn to get fabric of different varieties.
- Denier range – 50 to 800

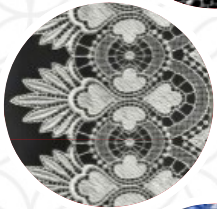


EMBROIDERY AND LACES

Tulle



Schiffli



Guiper

EMBROIDERY

- The range includes Schiffli All Over Embroidery Fabrics or trimmings, Guipers or Chemical Laces, motifs, etc
- Unmatched quality & high tear strength make the products acclaimed among the patrons
- Used extensively in ladies garments, children wear, lingerie internationally

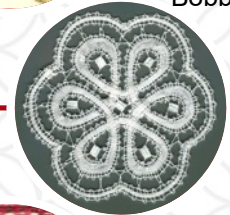
LACES

- Bobbin Laces are a cyclical fashion product used to increase the visual appeal of the garments
- Presently, PEL is the largest manufacturer of laces in the world with a capacity of around 14 million meters.
- Different kinds of laces – Flat bed knitted laces, cotton lace, cotton guipure lace, crochet lace, torchon/ bobbin lace, chemical lace, two-tone guipure lace, polyester guipure lace etc.


Crochet



Torchon/
Bobbin



Cotton Guipure



INDUSTRY OVERVIEW

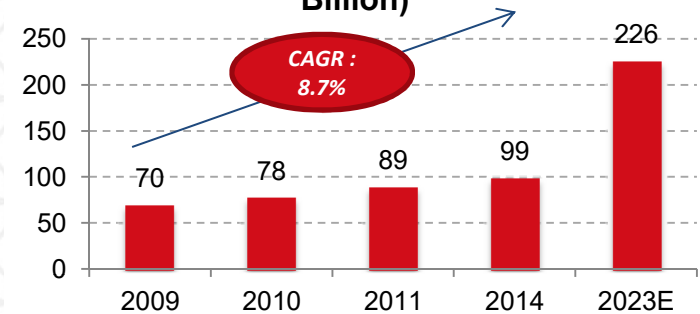
INDIAN TEXTILE INDUSTRY



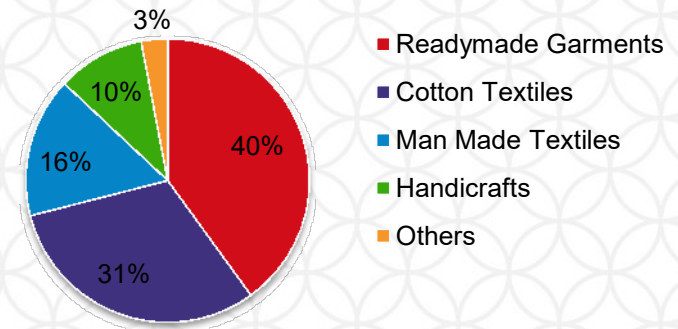
- India was announced as the world's second largest exporter of textiles and clothing in the world.
- Textile Industry accounts for nearly 13% of the total exports.
- It contributes 14% to industrial production and 4% to the GDP.
- With over 45 million people, the industry is one of the largest source of employment generation in the country.
- Production of Yarn grew to 489.11 lakh kgs in FY14 from 346.03 lakh kgs in FY11 implying a CAGR of 12.2 %.
- Production of Yarn between April to December'15 stood at 385.06 lakh kgs.
- 100% FDI is approved in the sector. Till May'15 FDI inflow in Textile Industry stood at USD 1647.09 million.

Source: IBEF

India's Textile Market Size (USD Billion)



Export, Domestic Split



SUPPORT TO TEXTILE SECTOR BY GOI IN FY16

Stress on Mechanisation

- USD 252 million has been allocated for TUFS scheme
- USD 24.8 million has been allocated for National Handloom Development Program
- USD 33.34 million has been allocated for Human Resource Development



Infrastructure Support

- Allocation of USD 39.8 million for apparel parks under SITP
- USD 26.05 million have been allocated for NER Textile Promotion Scheme
- USD 1.33 million has been allocated to Trade Facilitation Centre and Craft Museum



Tax Sops and Financial Package

Some of the key tax reliefs in Budget FY16:

- Zero excise duty for the cotton products
- Structure of the excise duty on Man-Made Fibre has been the same



UNION BUDGET



POLICY SUPPORT – KEY INGREDIENT TO GROWTH



Technology Upgradation Fund Scheme

- TUFs for the textile sector to continue in the 12th Five Year Plan with an investment target of USD 24.8 billion
- Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates

National Textile Policy -2000

- The policy was introduced for the overall development of textile industry
- Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements

Foreign Direct Investment

- FDI of upto 100 percent is allowed in the textile sector through the automatic route

Technical Textile Industry

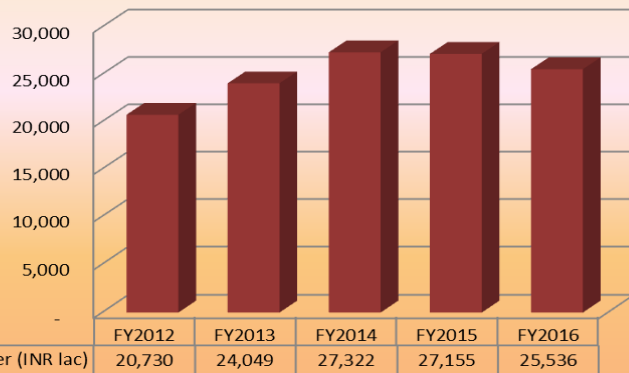
- Government of India has planned an increase in the fund outlay for technical textiles industry to more than USD 117 million during the current 12th Five Year Plan (2012-17)



FINANCIAL OVERVIEW

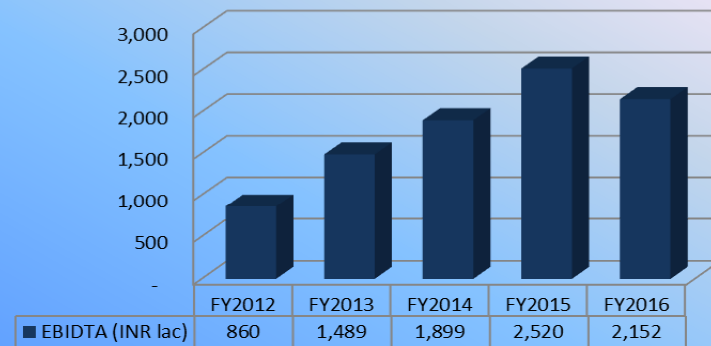
FINANCIAL HIGHLIGHTS : FY 2015- 2016

Turnover (INR lac)



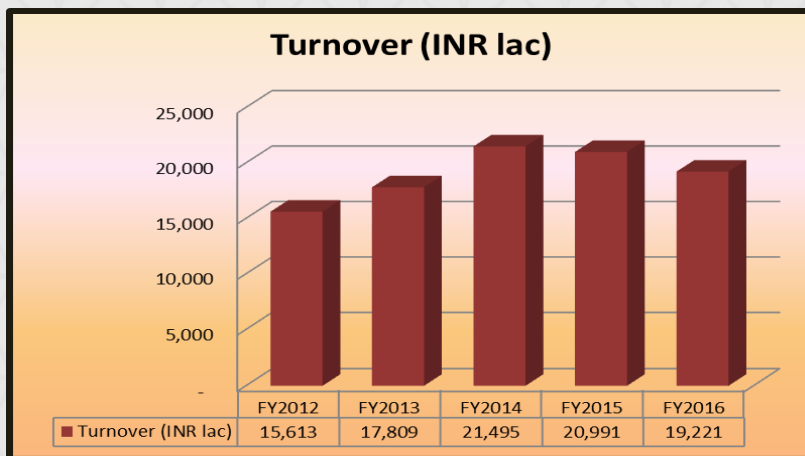
With a substantial drop in raw material (crude oil) prices for the yarn business, Pioneer's turnover recorded a de growth of about -6% over previous year

EBIDTA (INR lac)

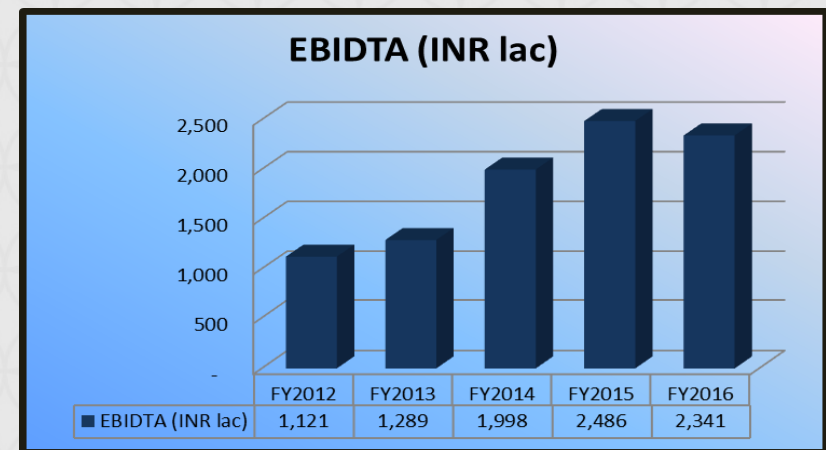


EBIDTA from operations also reduced by about -14% after a good FY2015, as competitive/ pricing pressure increased

DOPE DYED YARN BUSINESS



Dope Dyed Business turnover reduced by over 8% from FY2015, largely due to steep price fall in crude oil, its major input material.

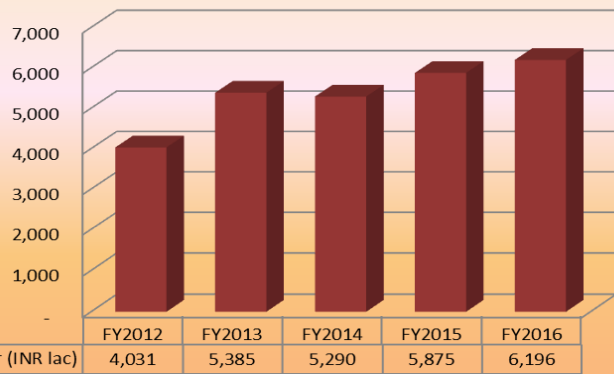


Dope Dyed Business EBIDTA was lower by about 6% during the year. Higher value addition and better cost control have helped in minimizing effect of pressure on pricing

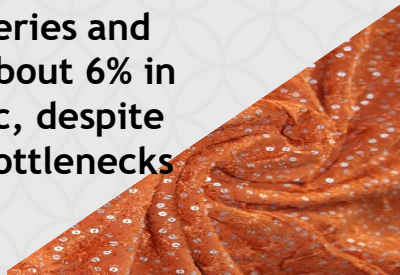
Business EBIDTA shown before corporate overheads

EMBROIDERIES AND LACE BUSINESS

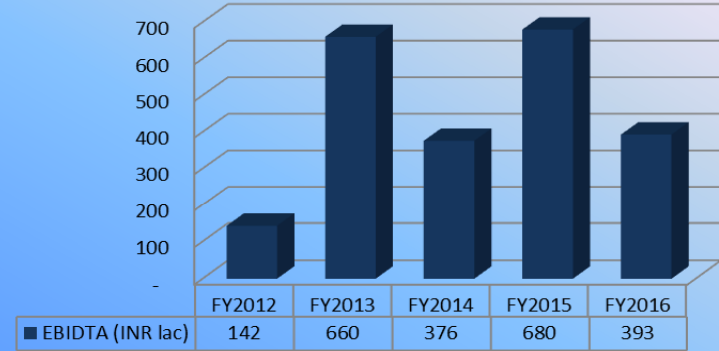
Turnover (INR lac)



Revenues from Embroideries and Lace Business grew by about 6% in FY2016, to INR 6,196 lac, despite continued operational bottlenecks



EBIDTA (INR lac)



Margin-wise, Embroideries and Lace Business had a tough year, as increased competition forced the Company to also lower product prices.

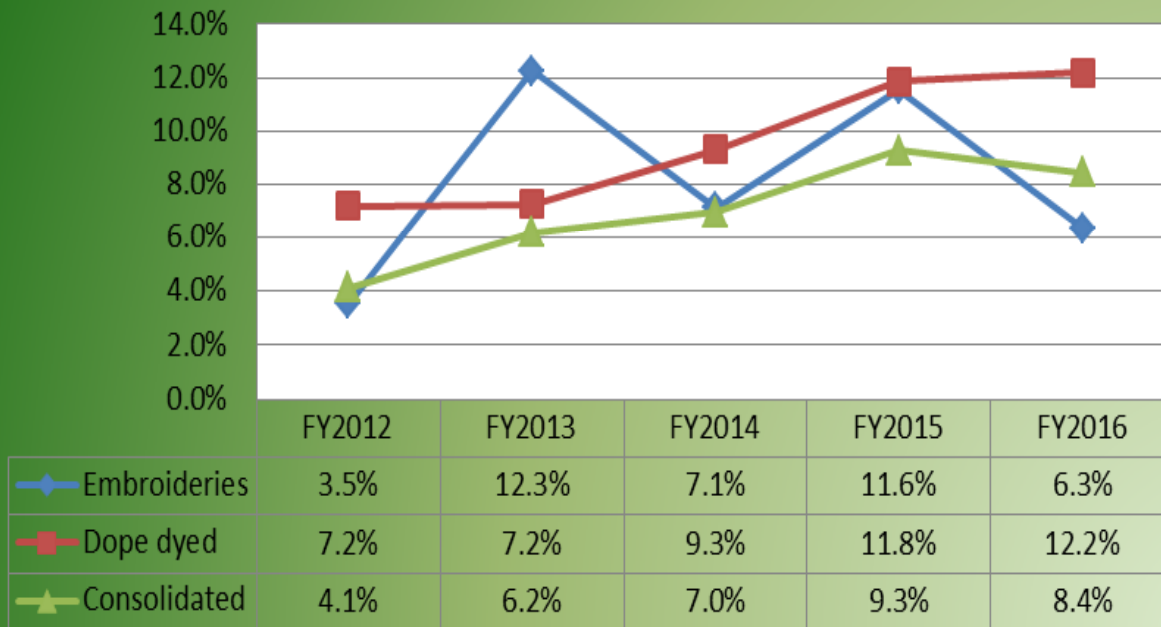


Business EBIDTA shown before corporate overheads

KEY STRENGTHS



EBIDTA Margins



Consolidated margins witnessed a drop of about 90 basis points, as the fall in Embroideries margin was substantially compensated by improved margins in the Dope Dyed Yarn business.

Consolidated margins shown are after overall corporate overheads

OTHER KEY PERFORMANCE HIGHLIGHTS : FY 2015-16



- In Dope Dyed business, share of value-added items increased during FY16, from 65% to 69% by volume and 72% to 75% in value terms.
- Exports continue to remain impressive at INR 46 cr, up 8%, and accounted for 18% of overall sales in FY16 (previous year : 15.5%).
- Embroidery business of the Company remains constrained by lack of investment in newer equipment and high cost of operations.
- In Embroideries, the Braided Lace segment witnessed heightened pricing pressure, with margins dropping to almost one-third from the previous year, to 11%.
- Debt resolution with all lenders, which were part of its CDR scheme earlier, continued during the year. The total secured borrowings as on FY16 stood at INR 7,610 lac, substantially lower than previous years.
- Cash profits from operations continue to remain strong at INR 1,211 lac, as against INR 1,318 lac in FY15.

STANDALONE QUARTERLY RESULTS



INCOME STATEMENT (INR lac)	Q1 FY2017	Q1 FY2016
Income from Operations	6,023	5,789
Other Operating Income	69	129
Total Income	6,091	5,918
Expenses	5,672	5,461
EBITDA	419	457
Depreciation	202	374
EBIT	217	83
Finance Cost	249	362
Extraordinary Items/ Other Income	35	120
PBT	2	(158)
Tax	0	0
Profit After Tax	2	(158)
Cash Profit		

STRATEGIC OVERVIEW



EMERGING STRONGER: CDR AND TURNAROUND



Factors leading to financial stress

- In February 2007, there was a fire at the company's embroidery unit in Naroli, which destroyed the inventories and resulted in production losses of INR 70 Mn
- Company's foray into DDPY business in 2006-07 was followed by surge in crude prices substantially in 2008, which increased the raw material costs and led to margin pressures and higher working capital requirements even before the plant could stabilize production
- Rise in Cotton prices of ~ 30% and on the polymer chips more than 50% increase, impacting the working capital requirements.
- Highly profitable product (Bobbin Laces) went in to cyclical downturn post 2006 due to changes in fashion/tastes of consumers.
- Financial and business markets and sentiments world over were severely constrained
- All the above led to severe liquidity crunch coupled with huge burden of expansion and the high-value retail growth plan undertaken by the company failed to yield desired results.

Debt Resolution

- The Company initially opted for restructuring under CDR mechanism and was admitted to an approved CDR package in 2009.
- Between 2013 and 2016, the Company opted for debt resolution with lenders mutually. The Company has already paid off FCCBs, most of the domestic lenders.
- Debt resolution was primarily funded through operational and non-operational cash flows, fresh borrowings and strict cost controls.
- The company's debt now stands reduced from Rs 322 crores in FY09 to Rs 75 crores in FY16.

BUSINESS STRATEGY



A well diversified and established portfolio of products with a strong retail brand to drive future growth

Dope Dyed Polyester Yarn

- Foray into Partially Oriented Yarn and Draw Textured Yarns
- Expansion into value added products
- Exploring more niche export market



Embroidery and Laces

- Replacement of low speed machines with high speed machines
- Rationalize the location & capacity
- Concentration on value added products
- Exploring more niche export market

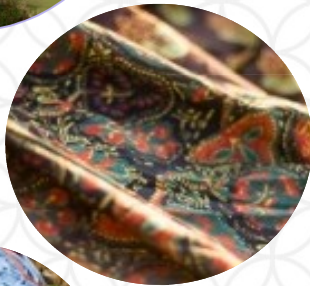


Branded Segment

- Moving towards direct retail supply with value added products
- Strengthen the presence into E-Commerce
- Entry in to direct apparel exports of niche products



CURRENT EXPANSION AT DDPY UNIT



CAPACITY

- Expansion at existing unit at Kala Amb, H P, currently underway and expected to get completed by Jan, 2017
- Fresh capacity of 20 TPD of POY to get added, at a cost of about INR 35 cr
- Equipment procured from leading German manufacturer, Oerlikon Barmag

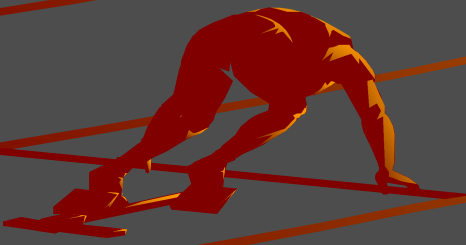
VALUE ADDITION

- POY, or Partially Oriented Yarn, would be a new product line for the Company
- Percentage of value-added products to increase further
- Expansion to result in substantial increase in sales and profit margins

PRODUCTS

- Draw Texturised Yarn, the value-added variant of POY, finds application in upholstery, furnishings, carpets and technical fabrics
- Pioneer aims to maintain its exports at about 15-20% of its turnover

DDPY CAPACITY RAMP UP



Present Capacity

FDY : 33 TPD

POY : Nil

Value Added products : 30 TPD

Post - current Expansion

FDY : 33 TPD

POY : 20 TPD

Value Added products : 45 TPD

Post - Strategic Expansion

FDY : 33 TPD

POY : 40 TPD

Value Added products : 65 TPD

DISCLAIMER



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Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are no guarantee of future performance and are subject to assumptions, known and unknown risks and uncertainties which are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy, economies of various international markets, performance of the Textile Industry in India and world-wide, competition, Company's ability to successfully implement its strategy, technological changes and advancements, the Company's market preferences and its exposure to market risks, as well as other risks.

The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation.

Thank You!

