



Date : 16th February, 2023
Ref. : BSE/NSE/68/2022-2023.

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 FY23 9-M Revenue remain steady; Margins dented by lower demand and cost-push pressures.

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 nine months ended 31st December, 2022, with the title - "**Pioneer FY23 9-M Revenue remain steady; Margins dented by lower demand and cost-push pressures**".

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 FY23 9-M Revenue remain steady; Margins dented by lower demand and cost-push pressures.

- Reports EBIDTA of about ₹99 mn as increase in raw material cost get absorbed
- Product-mix and customer profile altered to remain profitable despite global headwinds
- Market scenario on the mend with demand pressures easing; Pioneer to gain incrementally as capacity expansion remains on track.

Mumbai, February 16, 2023, Pioneer Embroideries Limited (PEL), reported results of its Q3 and 9M ending 31st Dec, 2022, and the brief of the same is as below,

Particulars (₹ Mn)	9-M FY23	9-M FY22	YoY Change
Total Income	2,250	2,188	↑ 2.8 %
EBITDA	99	216	↓ 54.1 %
EBITDA Margin	4.4%	9.9%	550 bps
Exceptional Items (Net Gain)	91	-	
PBT	101	134	↓ 24.8 %
PAT	74	98	↓ 24.3 %
PAT Margin	3.3%	4.5%	↓ 120 bps
EPS (Diluted) (₹)	2.79	3.66	↓ 23.8 %

Key Financial & Operational Highlights for 9-M FY23

During the 9-month period ending Dec, 2022, Pioneer clocked a total income of ₹2,250 mn, as against sales of about ₹2,188 mn in the corresponding previous period, rise of about 2.8%. The Specialized Polyester Filament Yarn (SPFY) business reported revenues of ₹1,884 mn (previous period: ₹1,900 mn), and its share in the overall turnover reduced by about 250 basis points to 84.8%. SPFY exports however, increased 40% to ₹330 mn, and its share in overall SPFY sales rose over 500 basis points to 17.5%.

PEL broad based and tweaked its addressable markets and product segments of SPFY in order to remain profitable, even though overall contribution margins of its products dropped. Demand for high value-added products and from high-yielding markets like EU/USA declined. However, Company's SPFY volume drop remained limited to less than 2% as it continued to find alternatives. The share of value-added component in SPFY business reduced by about 500 basis points in both volume and value terms during the current 9M period, compared to corresponding previous period.

The Embroidery & Laces (EL) business of the Company, for the 9-month period ending Dec, 2022, reported a 24% jump in revenues, over corresponding previous period, to ₹323 mn, with exports rising by almost 90% to about ₹82 mn during the same period. Sales growth in EL during this period has been accompanied by rise in profitability also.

Other Business Updates and Growth Outlook

The EL business will benefit from expected improved demand scenario in the coming quarters. Internal steps taken to consolidate and modernize its manufacturing facilities will surely bear fruit. Higher efficiencies, lower labor costs, increased capacities and effective outsourcing should improve its performance going forward. The new Embroidery Unit at Shree Ganesh Textile Park, Degaon, Dhule is progressing well. Most of the building work is completed, machine foundation is laid and work on

utilities is in process. Embroidery machines have started being delivered in batches. The production from this unit is expected to start by April 2023, and minimum 8 machines of 30 yds frame length (about 900 mn stitches) should be in operation by end-July 2023. This project is being set up at an outlay of about ₹500 mn, and the proceeds of the sale of Coimbatore Embroidery unit have been reinvested to gain better ROI. The unit is also eligible for substantial subsidies at a later date, which should flow in after commencement of operations.

Pioneer's SPFY unit is also adding capacities, from 18,000 MT to 26,000 MT, and these also are expected to go on stream by April-May 2023. The expansion is to cost about ₹600 mn, funded by a mix of internal accruals, suppliers credit and bank finance. The building is 90% complete, the main equipment lines are to arrive at the site by end-Feb 2023, and all ancillary, value-added equipment should be in place by end-March, 2023.

As the fear of a possible recession in US and Euro region is lessening, demand is expected to grow stronger in overseas market for both SPFY and EL businesses over next two quarters. Volatility in business arising out of major macro factors like inflation, crude prices, freight costs and interest rates hikes appear to be ebbing. Pioneer's expanded capacities in both the businesses would also go on stream around the same period, and the Company is constructive on a much-improved performance.

The Board of Directors of the Company, in its meeting held on 21st October, 2022, had 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, and it is expected that both the businesses would have gained heft by then – in terms of size, manufacturing capabilities and growth opportunities. The demerger is under process, necessary filings have been made and the Company is awaiting various regulatory and other approvals.

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.

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

