

31st
Annual Report
2022-23



PIONEER GROUP

PIONEER
EMBROIDERIES
LIMITED

Building Capabilities Staying Resilient



SILKOLITE
Seals to Vaire...

hakoba
Embroidery beyond your imagination



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This Annual Report can be downloaded from our website at
[<https://www.pelhakoba.com/wp-content/uploads/2023/09/Annual-Reports-2022-2023.pdf>]

Building Capabilities Staying Resilient

A Journey of Growth, Adaptability, and Strategic Transformation

Pioneer Embroideries Limited (PEL) embodies the principles of “Building Capabilities, Staying Resilient,” showcasing an unwavering commitment to growth, adaptability, and customer satisfaction. Amidst a dynamic market, PEL has bolstered its manufacturing capabilities, embraced strategic transformations, and navigated the challenges, emerging stronger than ever. An integral part of PEL’s growth strategy involves capacity expansion, for which substantial investments have been made in manufacturing facilities to deliver high-quality products, thereby catering to a broader customer base and seizing new market opportunities.

PEL’s quest to build capabilities extends to the careful consolidation of its operations. The Company has streamline its

resources, by integrating various business units and eliminating redundancies. This consolidation will increase operational synergies, improve decision-making processes, and allow PEL to respond swiftly to market trends and customer demands.

In addition to capacity expansion and consolidation, PEL is also planning for organisational restructuring. As PEL continues its journey of resilience and innovation, it remains at the industry’s forefront, constantly meeting and exceeding evolving customer needs, while serving as an inspiring business model for sustainable growth and enduring success.

Company Overview



Mission

Pioneer is dedicated to delivering products and services with integrity and accountability, using both proven and innovative methods



Vision

To make Pioneer a place of choice to work and grow

Established in 1991 by Mr. Raj Kumar Sekhani, Pioneer Embroideries Limited ("PEL") is one of India's notable manufacturer and exporter of value-added Specialized Polyester Filament Yarn (SPFY) and Embroidery & Laces (EL).

It has a state-of-the-art SPFY manufacturing facility at Himachal Pradesh, and two Embroidery & Laces manufacturing facilities in Gujarat, Dadra & Nagar Haveli, along with a wide marketing presence at all the major markets.

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 Company to create a brand in a highly commoditized yarn business.

PEL has a capacity of around 14 mn meters for braided laces and about 1,200 mn stitches of embroidery. PEL's products enjoy premium in the marketplace because of better

quality, designing, and capacity. Owners of the heritage brand – **Hakoba** – PEL has over the years added strength to the brand by building upon an extensive library of embroidery designs, making Hakoba synonymous to high-quality embroidery across the world.

Pioneer Group has established an impeccable reputation and carved a permanent niche for itself in the industry throughout the world.

The Company is listed on NSE (**PIONEEREMB**) and BSE (**514300**).



Over 3 Decades Of Experience
In Manufacturing Yarn, Embroidery And Laces



Footprints in **25+ Countries**



Direct & Indirect Exports Contribute **Over 60%** To The Total Revenue



3 Manufacturing Facilities
One Of SPFY
Two Of EL



300,000+ Designs In Library
Embroidery & Laces



1200+ Colour Shades In Library
Specialized Polyester Filament Yarn



1000+ Team Members Embracing Our Culture And Delivering Value



Integrated Manufacturing Operations

FY23 - STANDALONE



Revenue

₹ 296.6 Cr.



EBITDA

₹ 15.3 Cr.

Margin 511%



PAT

₹ 8.7 Cr.

Margin 3%



Book Value

₹ 50.30

Capacity

Optimally Utilised Manufacturing Capacity



18,000+
MTPA Of SPFY



14+
Million Meters Of Braided Laces



1,200+
Million Stitches Of Embroidery

SILKOLITE
Scale to Value....

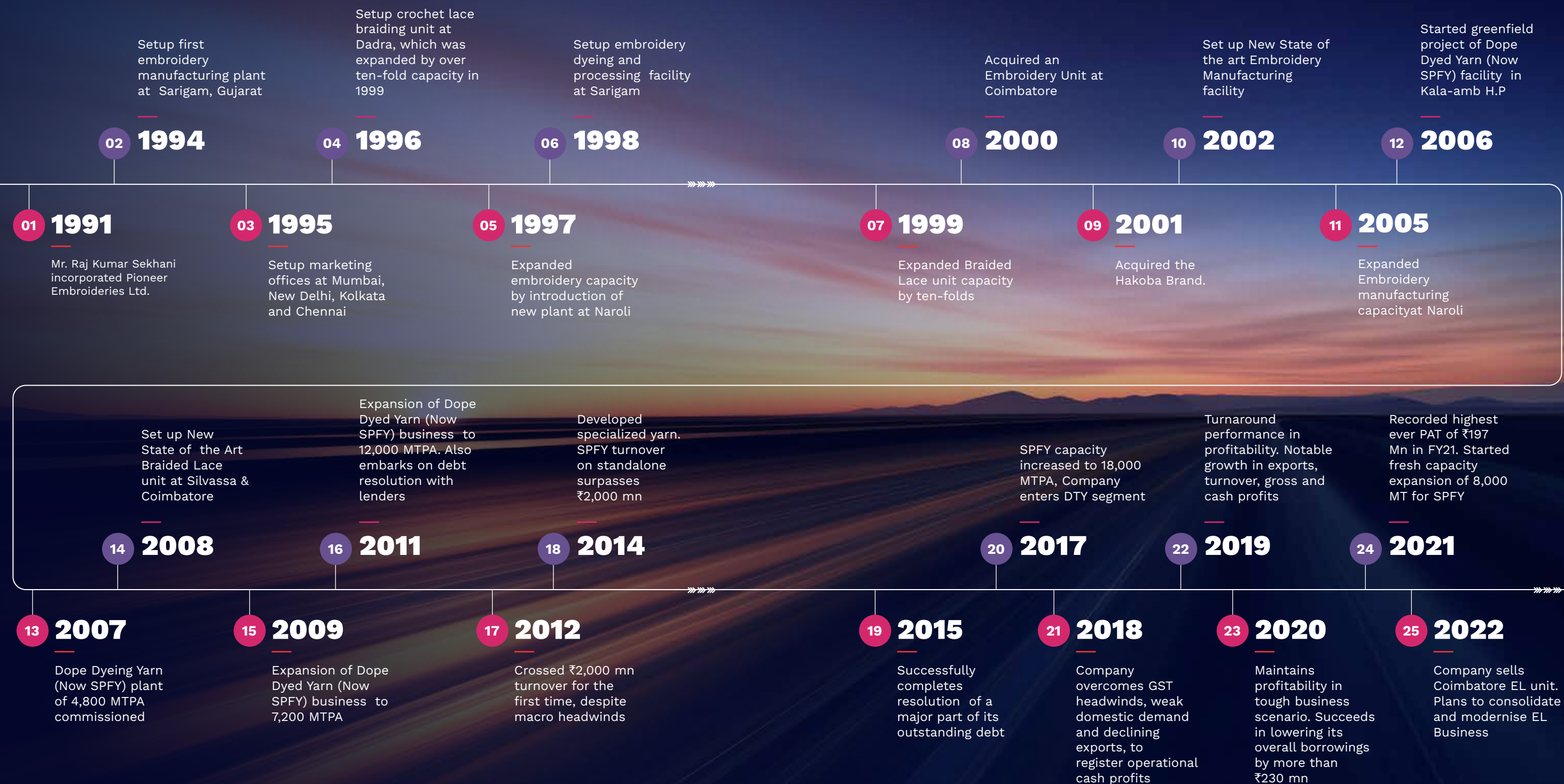


KEY BRANDS



hakoba
Embroidery beyond your imagination

Journey So Far





Manufacturing Units

Capacity
18,000 MTPA



Kala-Amb, Himachal Pradesh

State of the art plant makes SPFY
Latest technology using equipment
for value added products

Sarigam, Gujarat

Embroidered - Fabric & Guipure, Em-
broidered material (Schiffli machines)
Braided Laces (Bobbin Lace machines)



Capacity (Embroidery)
385 mn stitches

Capacity (Lace)
14+ mn metres

Capacity
830 mn stitches

Base for export orders



Naroli, Dadra & Nagar Haveli

Embroidered fabrics, Allover fabrics
and Laces
(Schiffli machines)

Assurance Of High Quality & Sustainable Future

Every kilogram of yarn consumes 35 litres of precious water to produce solution-dyed yarns. The Company's SPFY process is totally without water and generates zero effluents, making it a very ECO-FRIENDLY method. So in effect, a saving of 1.9 Million litres of

water every day or 4.2 Million barrels per annum is equivalent to almost 260 full-size Olympic swimming pools. The primary focus is on R&D on Inter Fibre replacements, mainly targeting Natural Fibres and replacing Solution Dyed Yarns.



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.



ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS). PEL's Himanchal Pradesh facility is certified with ISO 14001



The Company is certified for **Oeko Tex standards**. The Standard 100 by Oeko-Tex is the product label for textiles tested for harmful substances with the largest prevalence worldwide. This certifies use of safe chemicals/dyes in the entire manufacturing process of making dyed yarns.



ISO 9001 is defined as the international standard that specifies requirements for a quality management system (QMS). This demonstrates the ability of the Company to consistently provide products and services that meet customer and regulatory requirements.

Business Verticals



Crafting Sustainable Business To Create A Future For Our People, Communities And The World.



Creating A Niche For Its Eco-Friendly Product Portfolio



SILKOLITE
Scale to Value....

SILKOLITE
Scale to Value....

Specialty Polyester Filament Yarn

Air Texturised Yarns
.....
Carpet Yarns
.....
Twisted Yarns
.....
Fully Drawn Yarn
.....
Draw Textured Yarns
.....
Partially Oriented Yarns

hakoba
Embroidery Thread Care Imagination

Retail

Embroidery Fabrics
.....
Salwar Kameez
Dupatta (SKDs)
.....
Sarees
.....
Garments



Embroidery & Laces

Guipure All Over
& Laces
.....
Fabric All Over & Laces
.....
Braided Laces
.....
Fancy Laces

Brand: PEL is possibly the first Indian Company to create a brand: "SILKOLITE" in a commodity product like yarn.

Sustainable Business: The Specialty Polyester Filament Yarn (SPFY) business has emerged as a profitable venture and a good diversification for the Company. In SPFY, the yarn is dyed at the polymer stage. Then, before the extrusion process, the polymer solution is mixed with a pigment and the extruded yarns are coloured with excellent colour variations and fastness.

ECO-Friendly Production Process: The Dope dyed process does not use water and generates zero effluents, making it a very ECO-FRIENDLY method. The Company saves around 1.9 Million litres of water every day

Type of SPFY: Air Texturised Yarns, Carpet Yarns, Twisted Yarns, Fully Drawn Yarn, Draw Textured Yarns, and Partially Oriented Yarns

www.silkolite.in

SPFY End Use: SPFY produced by PEL finds use in Technical textiles like Flame Retardants yarns, Recycled yarns, Anti-Microbial yarns, UV Stabilized yarns, Easy Dye-able and other Fancy Yarns, which are capable of replacing natural fibres like Cotton, Viscose and Wool.

State-of-the-art Manufacturing: PEL setup a Specialty Polyester Filament Yarn (SPFY) manufacturing facility in Kala-amb, Himachal Pradesh, in 2007, sensing that this niche industry will need manufacturers to supply a wide range of quality products at user-specific order sizes. PEL's SPFY plant at Kala Amb, Himachal Pradesh, is today one of the most unique (end to end solution) plants in India and probably in the whole of South-East Asia.

Customer-centric Approach: PEL has garnered a notable market presence in this vertical with over 1,200 shades and customised order quantities according to customer requirements, even as low as 500 Kilos; this ability sets PEL apart from the competition.



Exclusive, Affordable,
Fashionable And
Sustainable



Heritage Brand: “HAKOBA”, a heritage brand since 1961, expresses the romanticism of the union of the needle and thread through its intricate creations of a wide range of luxury textile products. In 2001 Pioneer bought over the brand and relooked at the entire product portfolio.

Organic Fabrics: As part of strengthening its sustainability objectives, the Hakoba brand now offers organic textile products manufactured by PEL, which holds the GOTS certification, certifying conformance to organic production materials and methodologies.

www.hakoba.in: PEL has revamped and relaunched its website www.hakoba.in with a wide range of

premium textile products, including organic variety and designs that expand its demographic presence beyond its traditional and online marketplace (Like Amazon etc.).

Product Offerings: Currently, the retail outlets are selling Sarees, Salwar Kameez Dupatta, Fashion Fabrics. Hakoba also added men's wear in its portfolio, such as Unstitched and Stitched Kurta Pyjama. Besides cotton, other base fabrics like silks, man-made blends, net, etc., were also incorporated. In addition, Hakoba retail has expanded its reach by adding private labels under the Hakoba umbrella to add fashion and home furnishing allied products in its offerings.

New Launch: Successfully selling RTW apparels online and offline. The brand also has Exhibition sales as a format which is running very successfully.

Going Upward: Hakoba - the word itself conjures up images of embroidery. The brand is positioned as a store brand rather than a product brand. Hakoba offers something for everyone. Already, Hakoba occupies a unique mind space among its customers, and the recall is exceptionally high. What was needed was a new avatar, which Pioneer is now providing, keeping the current market dynamics in mind. When the fashion history for Generation Z is written, Hakoba would be a preferred brand.

Embroidery & Laces



Striving For Growth Through
Continuous Enhancement



PAN India Presence: The Company has multiple embroidery and lace manufacturing facilities across the country in Sarigam (GJ) and Naroli (D&NH), along with a marketing presence at all the major markets, including Delhi NCR, Tirupur, Chennai, Mumbai, Kolkata, Surat and Bangalore.

Pricing Power: PEL's embroidery products enjoy a premium in the marketplace because of better quality, design, and capacity.

Product Development: The Company has a highly talented & skilled design development team,

which constantly works towards creating new designs to fulfil the ever-evolving expectations in sync with global fashion trends.

Design Library: PEL's Design Library consists of over 3,00,000 plus embroidery designs, rooted and inspired by the Indian culture.

SPFY Capacity Expansion

Integrating Embroidery Facilities

Planned Capacity expansion of SPFY by 8,000 MT Capacity 26,000 MT (Post Expansion) Location: Kala-Amb, Himachal Pradesh CAPEX budget of around ₹ 58 Cr Expected to commence in Q3 of FY24. Additional revenue potential ₹ 100 Cr PA

Capacity 1,400+ Mn stitches (Post Expansion) Location: Dhule, Maharashtra CAPEX budget of around ₹ 40 Cr Expected to commence in Q3 of FY24. Additional revenue potential ₹ 50 Cr PA

Amplifies Yarn Capacity and Market Reach

Unlocking ₹ 100 Cr Revenue Potential with Capacity Surge to 26,000 MTPA from 18,000 MTPA.

Unleashing Infinite Threads of Success

Improving Capacity and Efficiency by Centralising Operations At State-Of-The-Art Facility

Equipment supplier

Lasser AG, Switzerland: Leading player for high-speed shuttle embroidery machines

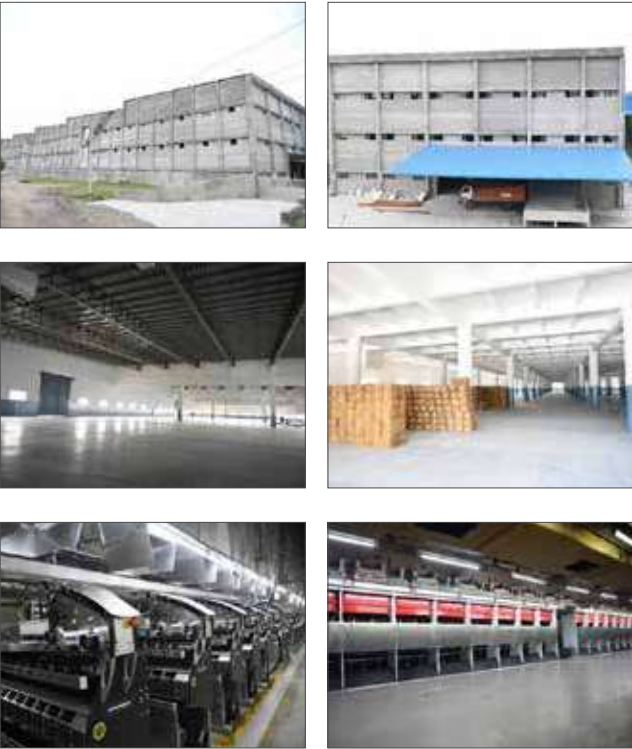
Oerlikon Barmag Group:
 World-renowned supplier of quality textile extrusion equipment

Himson Engineering Private Limited:
 Leading supplier in India for all kinds of Texturing and winding machines

PEL's success story began in 2007 when it launched operations with a limited Master batch manufacturing factory, enabling customized solutions for niche markets. Today, PEL is renowned globally under its trademark SILKOLITE and continues to prioritize research and development for eco-friendly procedures and alternative fiber options.

The Company is expanding its yarn capacity to 26,000 MTPA and focusing on newer product categories like POY (Partially Oriented Yarn) and DTY (Draw Textured Yarn). With a strong emphasis on POY-based specialty textile avenues such as Flame retardant, Automotive, and Anti-Microbial, PEL aims to become a one-stop-shop for its customers' specialty yarn needs.

The current capacity utilization is high at around 95%. Once the new capacity reaches optimum utilization levels there is a potential of additional 100 Cr revenues, catering to both domestic and export markets.



Pioneer Embroideries Limited (PEL) holds embroidery at the core of its business, boasting a highly talented and skilled design development team dedicated to creating new and innovative designs that align with global fashion trends.

To further strengthen its position, PEL is strategically planning to replace its existing 32 machines across multiple locations with 8 state-of-the-art machines in a centralized manufacturing unit. This move aims to enhance production capacity, improve quality, increase efficiency, and reduce costs. The Company has invested ₹ 33 Cr in importing machinery from Lasser AG, Switzerland, and an additional ₹ 7 Cr for ancillary machinery and utilities. The new facility is nearing completion and is expected to optimize PEL's operations significantly.

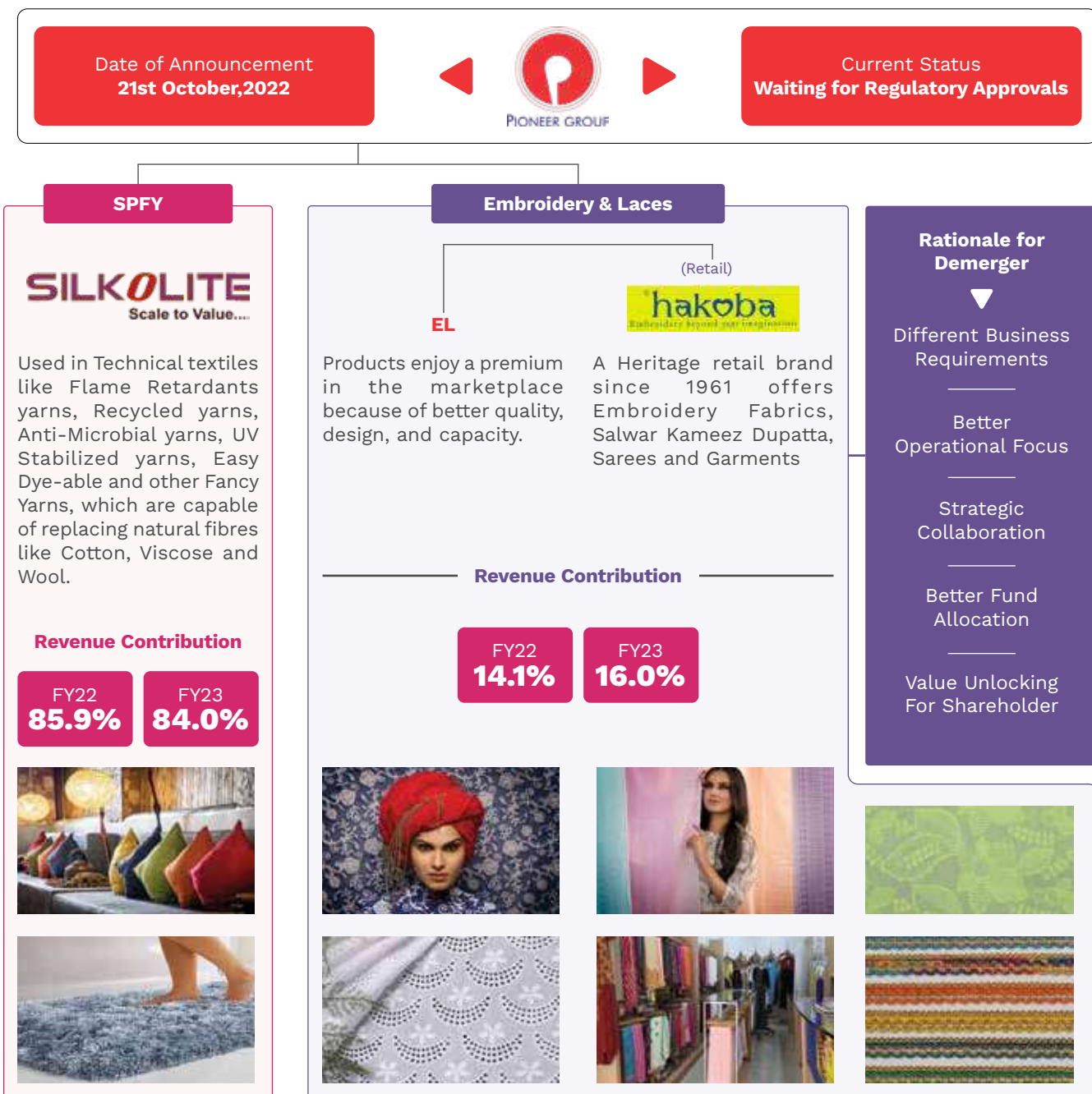
PEL is a lead promoter in the Shree Ganesh Integrated Textile Park (SGITPL), where it holds a 33.3% stake along with two other lead promoters. This partnership has allowed PEL to establish a greenfield project and secure land for future growth. With government approval received for SGITPL, PEL has invested approximately ₹ 12-13 Cr for equity and infrastructure in the park. This new venture is expected to provide various benefits to the Company, including support from State and Central Government initiatives.

These developments and investments reflect PEL's commitment to staying at the forefront in embroidery business, achieving operational excellence, and positioning itself for sustained growth and success.



Strategic Demerger:

Unlocking Value and Fostering Focus in EL and SPFY Business



The Company has put forth a proposal to demerge its Embroidery & Bobbin Lace (EL) Business, which encompasses the manufacturing, exporting, and retailing of embroidery fabric, laces, and apparels. EL Business and Specialized Polyester Filament Yarn (SPFY) Business represent the Company's two major business activities, with EL being the original business that marked the Company's inception.

Objective for Demerger:

Streamlining Business Requirements:

The Demerged Company currently operates two major business activities: EL Business, which involves manufacturing, exporting, and retailing embroidery fabric, laces, and apparels, and SPFY Business. These businesses have distinct funding, working capital cycles, pricing policies, manpower, skills, intelligence, and sourcing requirements. Through the demerger, the Company aims to create independent entities for EL Business and SPFY Business, allowing each to operate more efficiently by focusing on their specific needs.

Enhancing Focus on Individual Businesses:

Post demerger, the EL Business and SPFY Business will function as separate and pure-play entities. This separation will enable each Company to concentrate on its core strengths and opportunities, thereby enhancing their growth prospects. EL Business owns the well-established B2C brand "Hakoba" through its subsidiary, while SPFY Business possesses the strong B2B brand "Silkolite." The demerger will allow these brands to receive more targeted attention and resources, leading to their further development and success.

Attracting Investments and Strategic Partnerships:

With the demerger, the management seeks to expand both EL Business and SPFY Business. By creating independent entities, the Company can explore opportunities to attract investors, strategic partners, financial institutions, and bankers more effectively. The lack of linkages between the businesses will enable focused efforts to secure funding and resources for the unique requirements of each business, fostering their growth and market position.

Unlocking Shareholder Value and Liquidity:

The demerger aims to unlock the inherent value within the Demerged Company, providing liquidity avenues for shareholders. After the implementation of the Scheme, shareholders will hold shares in both resulting companies, which are proposed to be listed on BSE and NSE. This arrangement allows shareholders to participate in the growth and performance of both individual businesses, potentially enhancing shareholder value.

Encouraging Independent Value Creation Strategies:

The primary objective of the demerger is to restructure the business operations of the Demerged Company, empowering the management and Board of Directors of both the Demerged Company and Resulting Company to develop independent strategies for their respective commercial operations. This strategic approach aims to maximize value creation for stakeholders and allows management to focus more on the specific needs and opportunities of each business.

Optimal Utilization of Funds:

Through the demerger, the Company can segregate assets and funds, ensuring that each business activity receives appropriate and targeted financial resources. This will enable the management to utilize funds more efficiently for the expansion and growth plans of each Company, supporting their individual strategic objectives.

The proposed demerger will enable the Demerged Company to achieve its objectives of enhancing operational efficiency, focusing on individual businesses, attracting investments and partnerships, unlocking shareholder value, encouraging independent value creation strategies, and optimizing the utilization of funds. By creating separate and independent entities, the Company aims to position both resulting businesses for sustained growth and success in their respective markets.

Corporate Information

BOARD OF DIRECTORS

MR. RAJ KUMAR SEKHANI

Chairman
(DIN:00102843)

MR. HARSH VARDHAN BASSI

Managing Director
(DIN:00102941)

MR. SAURABH MAHESWARI

Executive Director
(DIN:00283903)

MR. JOGINDER KUMAR BAWEJA

Independent Director
(DIN:01660198)

MR. GOPALKRISHNAN SIVARAMAN

Independent Director
(DIN:00457873)

MS. SUSHAMA BHATT

Independent Director
(DIN:09168896)

MR. MAHESH KUMAR GUPTA

Independent Director
(DIN: 01821446)

MR VARUN KATHURIA

Independent Director
(DIN: 00027987)

BANKERS

UNION BANK OF INDIA
KOTAK MAHINDRA BANK LTD

CFO

MR. DEEPAK SIPANI

COMPANY SECRETARY & COMPLIANCE OFFICER

MS. AMI THAKKAR

STATUTORY AUDITORS

M B A H & CO.
Chartered Accountants

MANUFACTURING UNITS

1. 1637-1639, G.I.D.C. Sarigam, Dist. Valsad, Gujarat – 396 155
2. Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Silvassa, (U.T.) – 396 203
3. Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh – 173 030

OFFICES

Registered Office:

Unit No, 101B, 1st Floor, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off. New Link Road, Andheri (West), Mumbai – 400 058

Corporate Office:

Unit No.21 to 25, 2nd Floor, Orient House, 3-A Udyog Nagar, Off S. V. Road, Goregaon (West), Mumbai – 400 062

Chennai Office:

29 & 30, 3RD Floor, Kumbhat Complex, Rattan Bazar, Chennai – 600 003

Delhi Office:

4986, 1st & 2nd Floor, Baratooti Chowk, Sadar Bazar, Delhi – 110 006

Delhi Yarn Office (SPFY):

807 & 808, ITL Twin Towers, Plot No. B-09, Netaji Subhash Place, Pitampura, New Delhi – 110 034

Mumbai Marketing Office:

Navyug House Building, Room #18, 1'st Floor, Old Hanuman Lane, Kalbadevi, Mumbai-400 002

NCR Office:

Plot No – 828, Udyog Vihar, Phase -5 , Gurgaon, Haryana, Pin- 122016 | Tel - 0124 - 4365400,03

Surat Office:

Kiran Compound, Near A P Market, Udhna, Surat – 394 210

Tirupur Office:

Door No. 16A, SF No 255/3, Mahalakshmi Nagar,15-Velampalayam, Tirupur-641 652.

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E-mail Address : mumbai@pelhakoba.com

CIN : L17291MH1991PLC063752
Listing : BSE Limited and National Stock Exchange of India Limited
ISIN for Demat : INE156C01018

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd., C101, 247 Park, L.B. S. Marg, Vikhroli (West), Mumbai- 400083
Telephone No. : 91-22- 4918 6000 / 4918 6270
Fax No. : 91-22- 4918 6060

Core Team



Mr. Raj Kumar Sekhani
Chairman |Age: 63 Years

A Commerce Graduate from Calcutta University. He is the Promoter-Director and Executive Chairman of the Company. He has been involved in the activities of manufacturing and trading in garment accessories, including embroidery fabrics, laces and knitted fabrics, for more than two decades, much before he promoted the Company. His niche area of expertise and contribution has been formulating the overall Company policies and taking care of the domestic as well as global marketing of the Company's products.



Mr. Harsh Vardhan Bassi
Managing Director |Age: 48 Years

A Graduate in Commerce Stream from Punjab University, and took to business at a very young age. Delving into manufacturing, business development, marketing and other business verticals, he has gained tremendous experience in International marketing of textiles, having successfully interacted with renowned labels worldwide. Mr Bassi has been on board of Pioneer Embroideries Limited since 2003 and elevated as Managing Director in May 2014.



The right blend
of experience
and expertise



Mr. Saurabh Maheshwari

Executive Director

Age: 44 Years | Experience: 23+Years
Qualification: CA

Mr. Deepak Sipani

CFO

Age: 49 Years | Experience: 24+Years
Qualification: CA

Mr. Gangadharan K R Panicker

President Corporate & Head of Business (South India)

Age: 68 Years | Experience: 44+Years
Qualification: Diploma - Textile Technology

Mr. DNN Rao

CEO SPFY

Age: 58 Years | Experience: 34+Years
Qualification: B.Tech - Textiles

Mr. Sandeep Sharma

President, Head Marketing-EL

Age: 48 Years | Experience: 22+Years
Qualification: B.Com

Mr. Kuntal Kumar Pandit

Sr. VP – Corporate Affairs

Age: 54 Years | Experience: 34+Years
Qualification: Engineer – Elec. & Industrial Elec.

Mr. B S Khulbe

Marketing Head SPFY

Age: 56 Years | Experience: 32+Years
Qualification: MBA - Marketing, B Tech - Textiles

Mr. Manoj Pillay

Sr. VP – International Trade-EL

Age: 50 Years | Experience: 28+Years
Qualification: B.Com

Mr. Aarav Sekhani

VP – Marketing

Age: 38 Years | Experience: 14+Years
Qualification: MBA

Mr. Vishal Sekhani

VP – Finance and Retail

Age: 34 Years | Experience: 10+Years
Qualification: CA