



Pioneer's Planned Expansion to add 8000 MT to its SPFY Capacity and Approx. Rs. 100 cr to Revenues

- **Total capacity of SPFY will increase to 26,000 MT p a**
- **Project to commence on existing factory land, with a new manufacturing unit. To be fully operational by fourth quarter of FY 22-23**

Mumbai, August 28th, 2021, Pioneer Embroideries Limited (PEL), one of the key players and owners of brand "SILKOLITE" in Specialty Polyester Filament Yarn (SPFY), is planning capacity expansion to fulfil the increasing demand for SPFY. PEL has planned this expansion as during the pandemic it experienced growth in newer segments like home textiles and technical textiles.

The current expansion is in **POY (Partially Oriented Yarn)** and **DTY (Draw Textured Yarn)** segment. The Company is aggressively focusing on POY-based speciality textile avenues such as Flame retardant, Automotive, Anti-Microbial and value added DTY yarn for non-apparel segments. While the Company is already a notable player in the POY segment since it launched its POY-based product range in 2017 in both domestic and export markets, with the newer product offerings in place PEL will become a complete supplier or a one-stop-shop for its customers for all kind of speciality yarns. At the same time, the market size of value-added yarns for floor covering end use is continuously growing as polyester remains the cheapest alternative here. The Company is confident of placing this additional volume quite easily in the market.

The total project cost is Rs 58 crore, of which Rs 18 crore would be from internal accruals and the balance will be funded through bank borrowings. The project is expected to be completed in 4-5 quarters and the new capacity will be fully operational by the fourth quarter of FY22-23. The major equipment is being sourced from Germany-based Oerlikon Barmag Group, a world-renowned supplier of quality textile extrusion equipment.

The Company is currently majorly into **FDY (Fully Drawn Yarn)** as well as **POY (Partially Oriented Yarn)** and its value-added versions like Air textured yarns, Cabled Yarns, Twisted yarns and Textured Cabled & Heat set yarns. The current capacity utilization is ~ 95%. The new capacity, when added will have a sales potential of Rs 100-110 crore at full utilization with a mix of domestic and exports.

Commenting on the new expansion, Mr Harsh Vardhan Bassi, Managing Director, Pioneer Embroideries Limited, said, "The increased demand from the home textile segment helped us grow in these difficult times of COVID and we continue to be a niche player in SPFY. We believe this is the right time to enhance our capacity to leverage the opportunity presented by the growing demand. Our focus continues to be on improving the operating margins through increased capacity utilisations; increasing our share of value-added products, and improving operational efficiencies."

PEL currently deals in almost 1,200 shades and more than 500 product variants suited for specific needs. It is able to supply smaller batch sizes with high level of consistency and repeatability, as it possesses its own colorant manufacturing resources. With constant innovation, experienced manpower and flexible infrastructure, the target is to have a new commercial product every month. This passion to discover new products is through continuous, focussed R&D, which keeps the Company in line with the changing trends and helps it achieve better capacity utilisations.

PEL has a wide distribution network in both domestic and export markets, and plans to export about 25% of its produce. All PEL products are **Oeko Tex Certified** and **REACH certified**. Also, the Company has **ISO 9000** and **ISO 14000** certifications. Further, its foray into recycled yarns with **GRS certification** has helped the Company to get the Sustainable tag for its entire product range. The anti-China sentiments presently prevailing in the world will lead to shifting of business to India in a big way in apparel as well as non-apparel.

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, Dadra & Nagar Haveli and Tamil Nadu.

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. PEL's products find application mainly in the non-apparel segment, used in carpets, bath mats, upholstery fabrics, and curtains. PEL is one of the first textile companies to create a brand in a highly commoditized yarn business.

PEL has a capacity of around 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 over the years 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 three embroidery and lace manufacturing facilities at – Coimbatore (Tamil Naidu), Naroli (UT DN&H) and Sarigam (Gujarat), along with a wide marketing presence at all the major markets. Its Coimbatore facility is certified as per **GOTS (Global Organic Textile Standard)**, an internationally-recognized standard.

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.

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