

PDS Multinational Fashions Limited



PDS/SE/2017-18/09

5th June, 2017

The General Manager, Listing Department Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	The General Manager, Corporate Service Department BSE Limited P. J Tower, Dalal Street, Fort, Mumbai-400001
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Scrip Code/ID: NSE: PDSMFL;

BSE: 538730

SUB: Investor Presentation for Quarter and Year Ended 31.03.2017

Dear Sir / Madam,

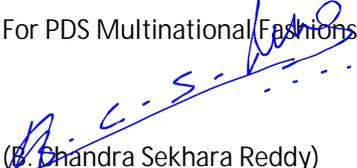
Please find attached herewith the Investor Presentation the Quarter and Year ended 31st March, 2017 for the financial update to Investors of the PDS Multinational Fashions Limited.

You are requested to please update the same and obliged.

Thanking you,

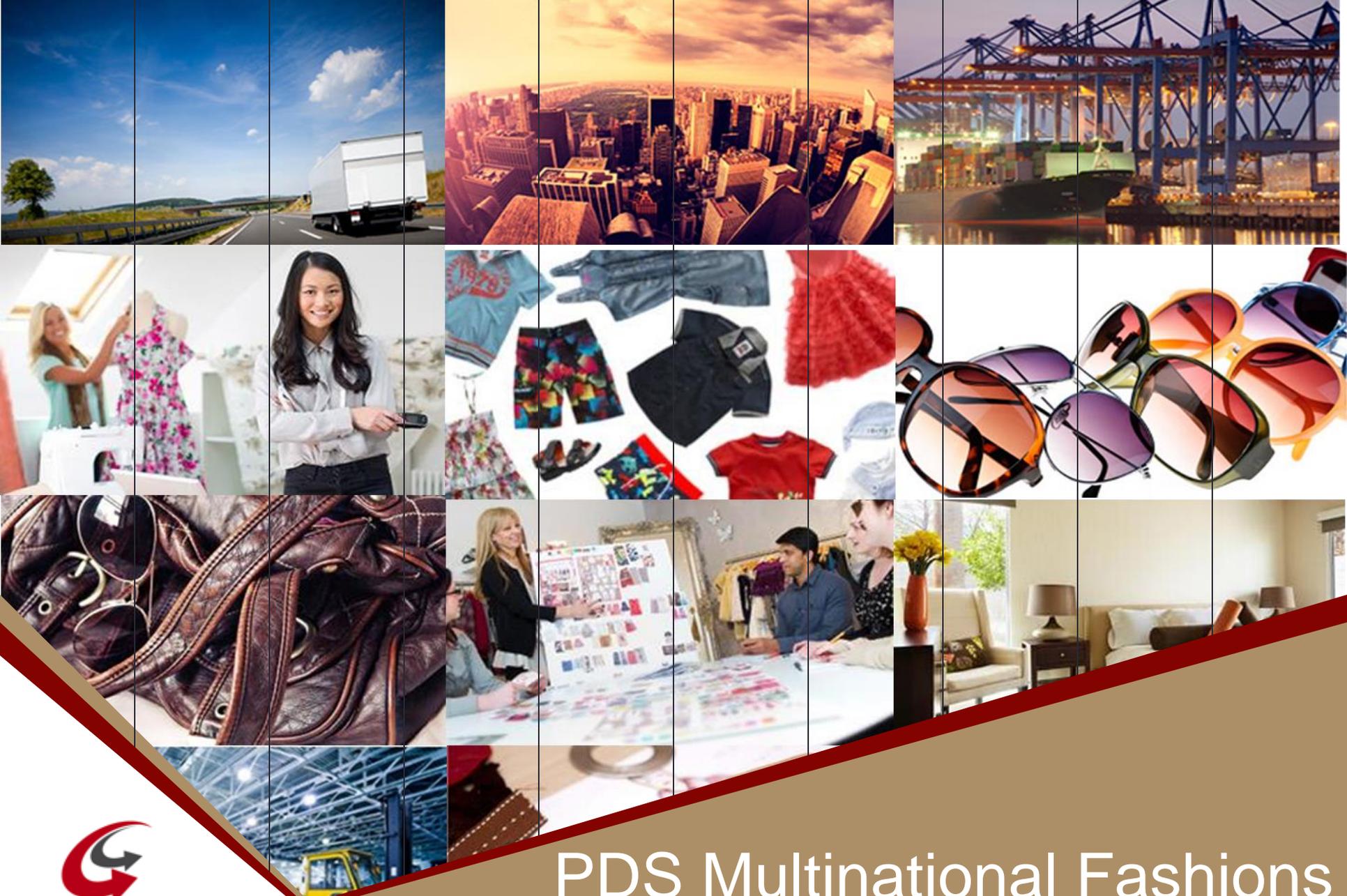
Yours faithfully,

For PDS Multinational Fashions Limited


(B. Chandra Sekhara Reddy)

Company Secretary & Head-Legal





Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. PDS Multinational Group will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances. Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions



Operational & Financial Highlights Q4 & FY2017



Management's Message



Company Overview

Quick Facts about PDS



190+

GLOBAL LEADING RETAILERS AND BRANDS AS CUSTOMERS

2,300

ASSOCIATES WORLDWIDE

31

OPERATES IN OVER

OFFICES ACROSS 18 COUNTRIES

150

OWN DESIGNERS IN KEY MARKETS

4,630

REVENUES STOOD AT

RS. CRORE IN FY17

627

INCOME STOOD AT

RS. CRORE IN FY17

0.03

LONG-TERM DEBT / EQUITY RATIO

1,000

OPERATES

MACHINES IN FACTORIES

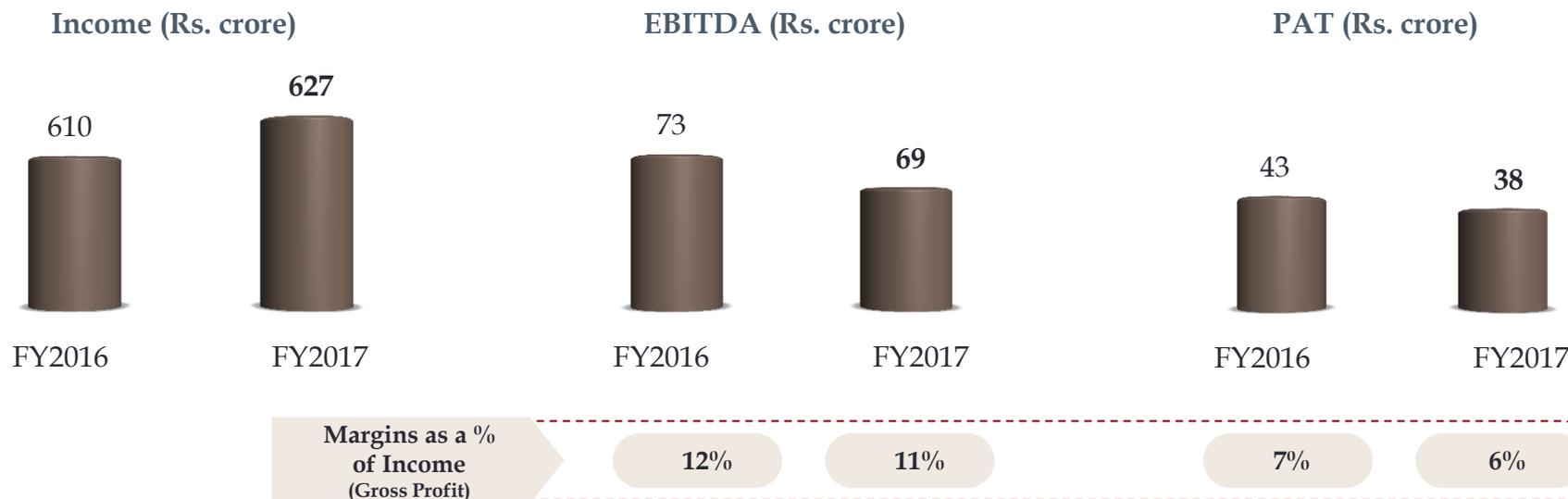
16

CUSTOMERS ADDED IN THE LAST 12 MONTHS

Note:
Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

FY17 – Performance Highlights

Healthy performance on the back of solid business fundamentals



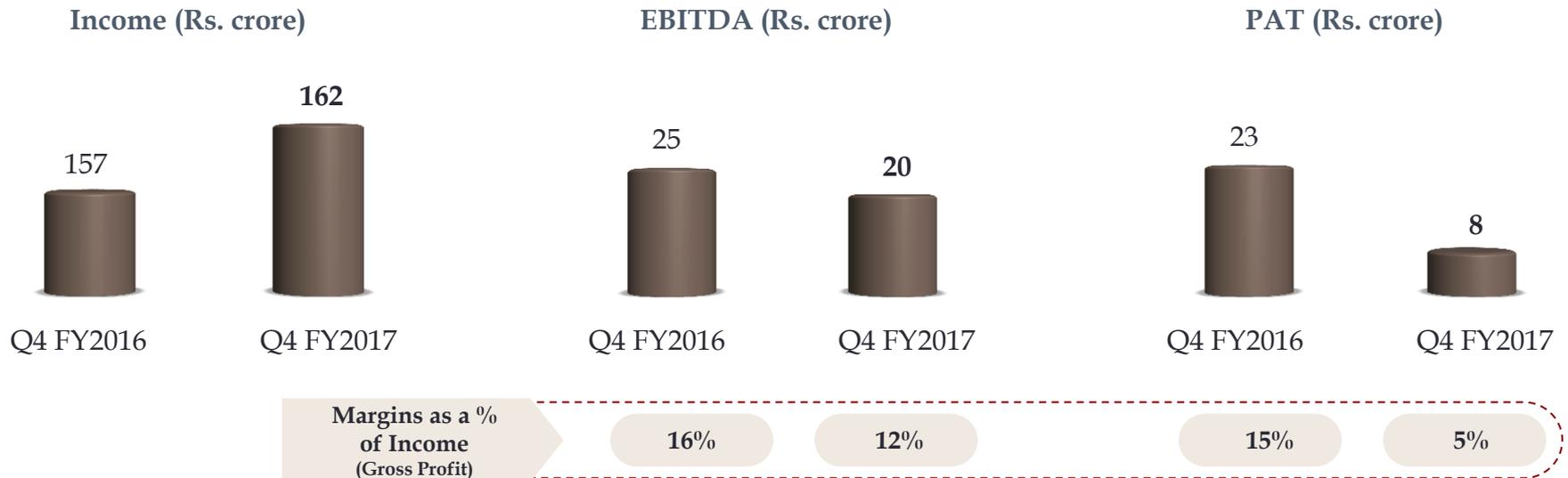
- Revenues improves by 7% to Rs. 4,630 crore ; Income at Rs. 627 crore in FY17, higher by 3% Y-o-Y
- EBITDA stood at Rs. 69 crore, translating into margin of 11%; PAT at Rs. 38 crore, with margins at 6%
- A tough operating environment along with volatility in our key markets of Europe and Middle East impacted performance during the second half. Further, market factors such as Brexit, US dollar strengthening, interest rate hikes resulted in a softer growth during the period under review
- Looking forward, PDS maintains its strong focus on strengthening the business model, targeting newer markets and manufacturing operation. The strategic initiatives are expected to help deliver healthy performance over the medium to long term

Note:

- Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

Q4 FY17 – Performance Highlights

Delivers stable Q4 FY17 performance despite external flux in the operating environment



- Revenues stood at Rs. 1,348 crore as against Rs. 1,202 crore, registering healthy growth of 12% Y-o-Y
- Income stood at Rs. 162 crore in Q4 FY17 , higher by 3% Y-o-Y
- EBITDA at Rs. 20 crore, translating into margin of 12%
- PAT at Rs. 8 crore as against Rs. 23 crore in Q4 FY16
- Impact of external market challenges combined with pricing pressures across key markets of Europe resulted in a subdued performance during the quarter

Note:

- Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

Sharp Focus On Strategic Initiatives To Create A Set Of New Growth Vectors For The Future

Marked entry into the 'Own Manufacturing Business' segment in FY17

- Launched two state-of-the-art manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts (GSS) Group
- Facilities strategically located close to demand hubs in Bangladesh, aimed at further optimizing the visibility and consumption of the brand
- The Progress Group factory spread across 400,000 square feet of facility area at Adamjee Export Processing Zone near Dhaka - to operate 2,500 machines across 50 lines to produce Woven-School wear, Formal trouser, Chino, Denim Jeans
 - Fully operational by April 2018, with an expected throughput of 15 million units per year at full capacity
- Under Green Smart Shirts (GSS) Group, the factory will be spread across 250,000 sq ft of space - will operate 1,500 machines and 30 lines producing formal and casual shirts for men, women's blouses, and shirts for boys and girls
- The upcoming dedicated 'Accord and Alliance'-compliant and LEED-certified green manufacturing factories in Bangladesh are among the top 50 in the country in terms of infrastructure

New ventures will help consolidate the brand profile as a manufacturing and sourcing one-stop-shop firm, while also increasing company reach to newer geographies and markets

Abridged Profit & Loss Statement - Consolidated

Rs. crore

Particulars	Q4 FY16	Q4 FY17	FY16	FY17
Revenues	1,202.12	1,348.17	4,308.02	4,630.45
Material Cost				
- Purchases of Stock-in-Trade	1,014.26	1,160.24	3,512.86	3,884.07
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	30.84	26.30	185.59	119.87

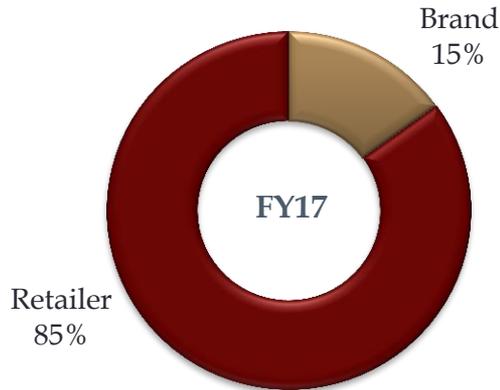
Line No.	Particulars	Q4 FY16	Q4 FY17	FY16	FY17
1	Income (Gross Profit)	157.02	161.62	609.58	626.51
	Employee Expenses	57.42	67.09	237.09	259.98
	Other Expenses	74.86	74.89	299.94	297.06
2	EBITDA	24.74	19.64	72.54	69.47
	EBITDA Margin (2/1) (%)	16%	12%	12%	11%
	Depreciation	4.26	3.26	14.65	12.87
	Finance Cost	2.02	3.83	14.16	13.09
	Profit Before Tax	18.46	12.55	43.73	43.50
	Tax Expenses	(4.79)	4.79	0.66	5.07
3	Profit After Tax	23.25	7.76	43.07	38.43
	PAT Margin (3/1) (%)	15%	5%	7%	6%

Abridged Balance Sheet - Consolidated

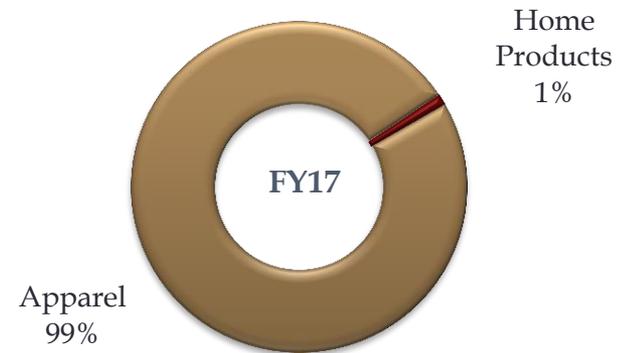
Rs. crore

Particulars	As at March 31, 2016	As at March 31, 2017
a) Non-current Assets	264.59	295.57
b) Current Assets	1,179.98	1,141.83
- Inventories	50.27	34.63
- Trade Receivables	775.23	728.49
- Cash & cash equivalents	198.75	248.33
- Others	155.74	130.37
Total	1,444.58	1,437.40
Total Revenues	4,276.77	4,616.01
Working Capital	294.14	283.12
Working Capital Days	15	16
Inventory Days	4	3
Debtors Days	66	58
Creditors Days	36	32

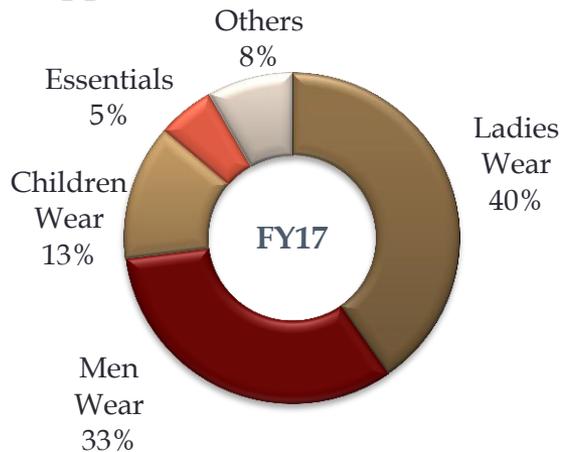
Customer-wise Revenue Break-up



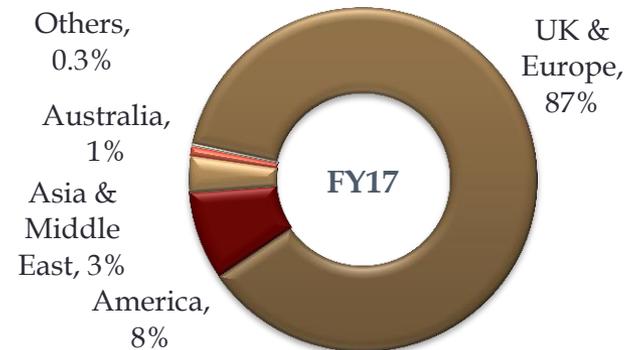
Product-wise Revenue Break-up



Apparel-wise Revenue Break-up



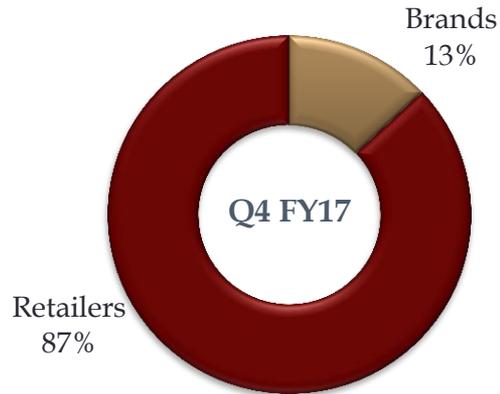
Region-wise Revenue Breakup *



Note: * Based on customer locations, reclassified wherever necessary

Key Metrics – Q4 FY17

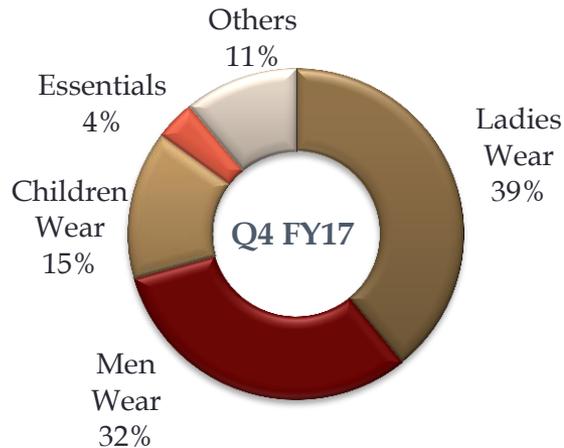
Customer-wise Revenue Break-up



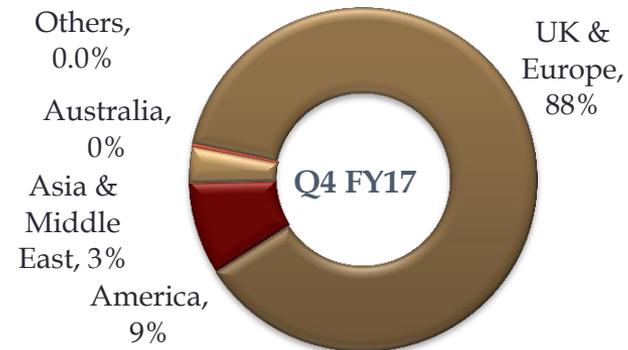
Product-wise Revenue Break-up



Apparel-wise Revenue Break-up



Region-wise Revenue Breakup *



Note: * Based on customer locations, reclassified wherever necessary

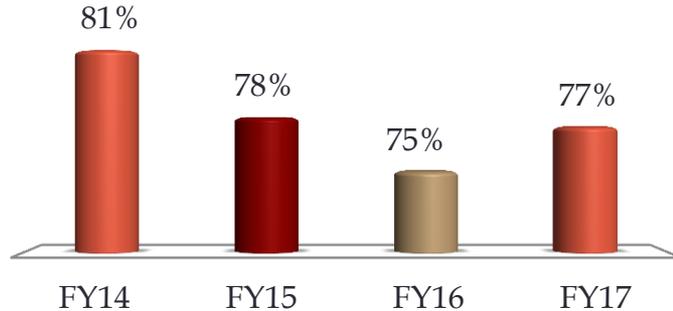
Customer Profile*

Customer-centric organization

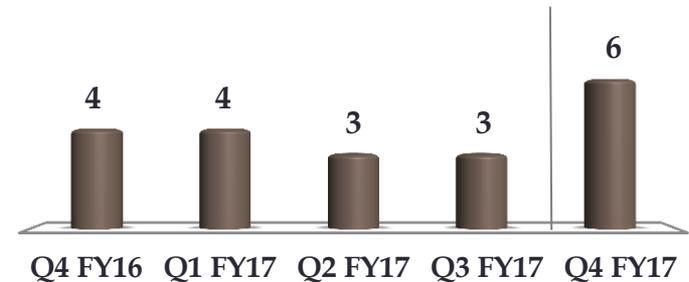
Customer base of 190+ Global Leading Retailers and Brands

Long-term relationships with 25 brands

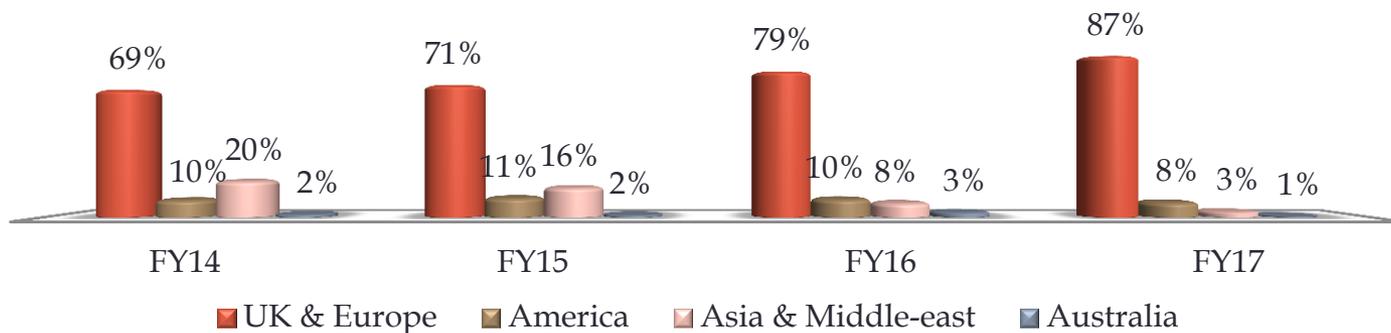
Revenue Contribution from Top 15 customers



Customer Additions (Nos)



Geographic Break-up of Customers



* Customers with sales value more than USD 100K

Commenting on the performance, Mr. Pallak Seth, Vice-Chairman, PDS Multinational Fashions, said,

“We have ended the fiscal year on a steady note despite broader market challenges across key global markets. Our effective business model along with a combination of enhanced manufacturing capabilities, expanding reach to newer suppliers and a solid reference base have assisted us in delivering a stable operational performance during the year. Despite growing pricing pressures across markets of Europe, UK and Asia, PDS recorded healthy market share gains.

As one of the leading firms in global supply chain management, the Company is positively yet cautiously expanding its business to newer heights. During the year, the Company successfully added 16 customers to our ever-expanding customer base. Our new manufacturing initiative is a key area of focus for us and we look forward to robust contribution from our own manufacturing segment in the coming fiscal year.

Looking ahead, the pro-growth initiatives undertaken by us in the last few quarters, will also help augment business benefits for us in the near term. We look forward to posting healthy performance in the years ahead.”

Wide Global Footprint to support long-term growth plans



- Over the last few years, PDS Multinational Fashions has widened its presence all across the globe
- Well entrenched relations with Retailers and Customers have further boosted group's global reach

Development & Design

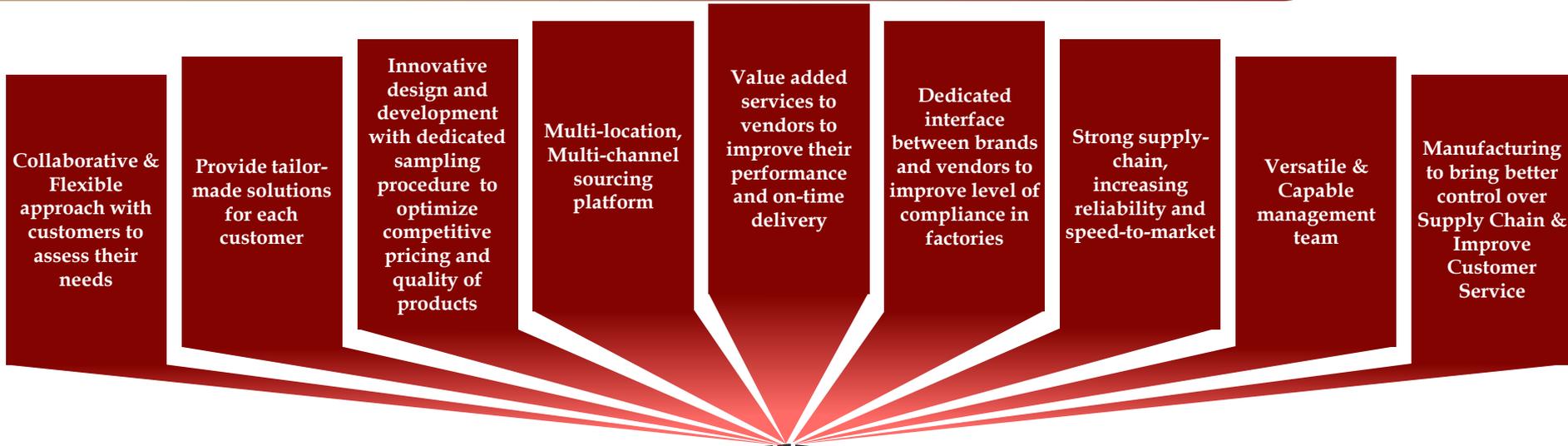
- **Design-driven Company**
- **Over 150 in-house designers**
- **Develops over 1,000 new styles every month**
- **Produces over 10,000 samples every month**

Design Studio & Product Development Centers	
Asia	Hong Kong
	Sri Lanka
	Bangladesh
	China
	India
UK & Europe	London
	Manchester
	Turkey
	Spain

Capacity Utilization

- **Asset-light model**
- **Strong pool of over 1,000 outsourced factories in the various sourcing markets of the world**
- **The Company has started setting up Manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts(GSS) Group**
- **Sri Lanka facilities have been restructured and operates with 1,000 machines**

PDS - Operational Overview



Multiple Quality Checks of Consumer Goods



Efficient & Timely Delivery of Products to End-customers



Higher Consumer Satisfaction | Enhanced Brand Name | Financial Performance



Lateral Growth

- Enhancing levels of engagement with existing customers
- Business from repeat customers accounts for ~90% of the overall revenue
- Global presence being augmented leading to improved market penetration
- Scaling up distribution network in the Australia, Brazil, India, Middle Eastern Countries and LatAm
- Aggressively focusing on improving market share in the Emerging Markets, thus enhancing export share revenue



Optimizing Agency Model

- Improving focus towards agency model of operations with large retailers
- Safeguarded profitability margins
- Reduced operational costs
- Currently, revenue contribution from agency model around 5% - aiming for 10% in the longer-term
- Customers include ANWB (Exclusive), Trampolin, Wool worth and Wibra



Manufacturing Capacity Expansion

- Capacity expansion to assist medium to long term growth
- Launched two state-of-the-art manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts (GSS) Group
 - Progress Group factory spread across 400,000 sq.ft of facility area at Adamjee Export Processing Zone near Dhaka
 - Under GSS Group, the factory will be spread across 250,000 sq ft of space



Strengthening Sourcing Base

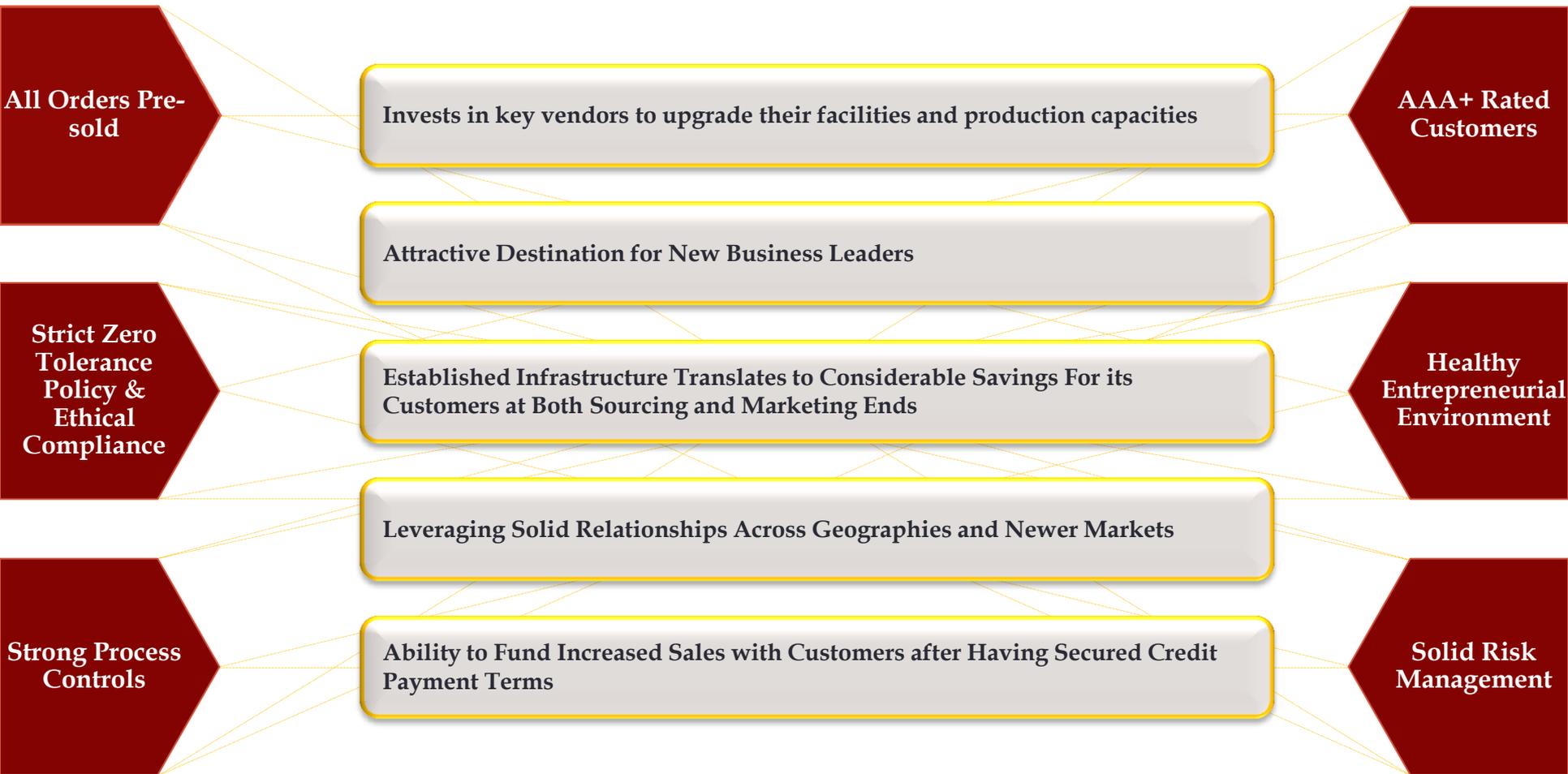
- Diversifying and Expanding the sourcing base to newer regions
- Optimize Sourcing Base by financing Factories
- Focuses on improving the technical and ethical compliance at each factory
- Focusing on extending virtual manufacturing operations in select regions
- Expanding footprint in manufacturing markets - Bangladesh, Cambodia, China, India, Myanmar, Pakistan, Sri Lanka, Turkey



Embarking Technology Business

- Forayed into Technology business to develop and offer cloud-based software and mobile applications in HRM-Qandle
- Development center set up in India. Teams employed to work on a cloud-based HRM solution & application for SMBs
- Focus towards developing affordable cloud-based applications
- In a space currently occupied by large ERP companies providing expensive solutions, the Company will deploy cost-effective solutions

A Win-win Business Model



PDS Multinational Fashions Limited

PDS Multinational Fashions Limited is a global organization that is a strategic manufacturing partner to major brands and retailers. In addition to the broad range and diversity of consumer products available through its extensive international sourcing network, PDS Multinational Ltd has strength and expertise in custom product design and development to provide total global sourcing solutions for its customers. The Company was established three decades ago by Mr. Deepak Seth and is currently helmed by the second generation of promoter family.

PDS Multinational Fashions Ltd operates a vast global network covering over 31 offices, 18 countries and over 2,300 employees across UK, Europe, Americas and Asia. The Company has implemented a strong global compliance program and has set a Zero Tolerance Violation and Critical Violation policy that aims at improving end-to-end transparency and visibility.

For more information, visit www.pdsmultinational.com

For further information, please contact:

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PDS Multinational Fashions**

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Thank You