PearlGlobal

PGIL/SE/2015-16/35

Date: February 18, 2016

THE GENERAL MANAGER,
DEPARTMENT OF CORPORATE SERVICES - CRD
BSE LIMITED
1ST FLOOR, NEW TRADING RING
ROTUNDA BUILDING, P. J. TOWERS
DALAL STREET, FORT,
MUMBAI – 400 001

THE GENERAL MANAGER,
LISTING DEPARTMENT
NATIONAL STOCK EXCHANGE OF INDIA LTD.
"EXCHANGE PLAZA", PLOT NO. C- 1,
G- BLOCK,
BANDRA - KURLA COMPLEX,
BANDRA (E),
MUMBAI - 400 051

Reg: Scrip Code: BSE-532808; NSE - PGIL;

SUB: Investor Presentation for Quarter and Nine Months Ended 31.12.2015

Dear Sir/Madam,

Please find attached herewith financial update for the Quarter and Nine Months Ended 31st December, 2015 for investors of the Company.

You are requested to please update the same and obliged.

Thanking you,

Yours faithfully,
for **Pearl Global Industries Limited**

(Sandeep Sabharwal)
Company Secretary

Encl: As above



PEARL GLOBAL INDUSTRIES LIMITED

Q3 & 9M FY16
RESULTS UPDATE
February 2016

Private & Confidential

SAFE HARBOR STATEMENT

This presentation and the following discussion may contain "forward looking statements" by Pearl Global Industries Limited ("Pearl Global" or "PGIL") that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Pearl Global about the business, industry and markets in which it operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Pearl Global's control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Pearl Global. In particular, such statements should not be regarded as a projection of future performance of Pearl Global. It should be noted that the actual performance or achievements of the company may vary significantly from such statements.

DISCUSSION SUMMARY

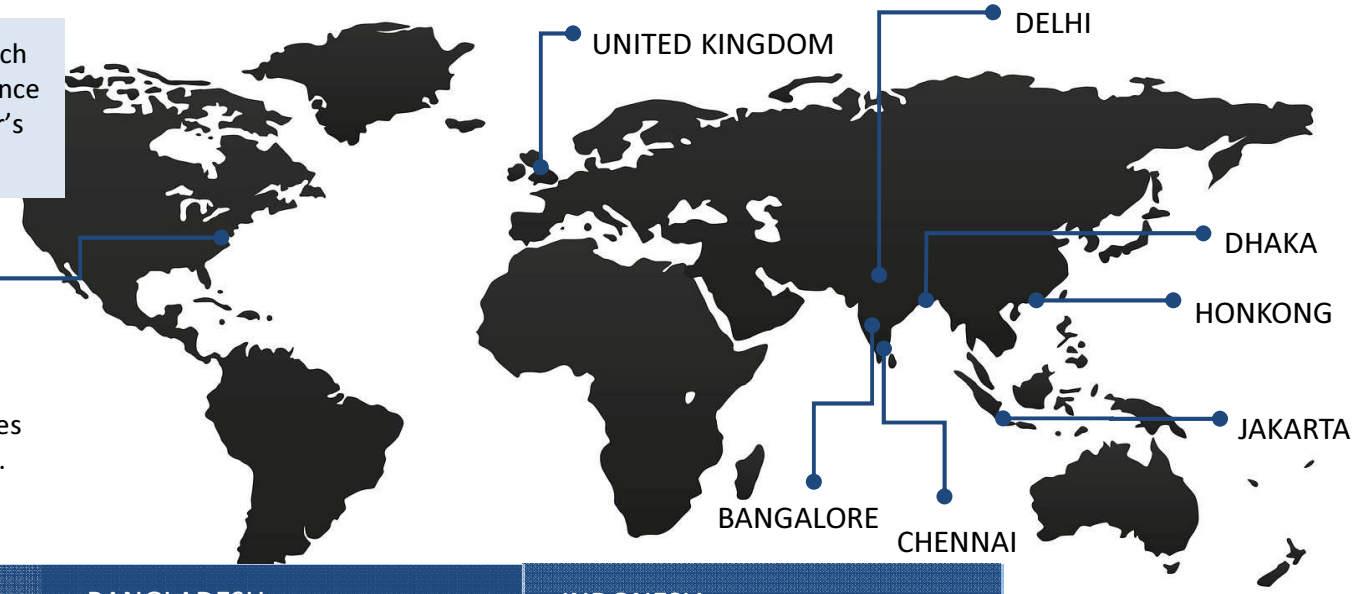
- Q3 & 9M FY16 Results Highlights
- Business Outlook & Summary
- About Us
- Key Sustainable Advantages
- Future Growth Opportunity – E-Retail Initiative “SBUYS”





GLOBAL SOLUTION PARTNER TO THE WORLD'S APPAREL INDUSTRY

Presence in UK / USA, through which we provide better market intelligence and higher service levels at retailer's door step.



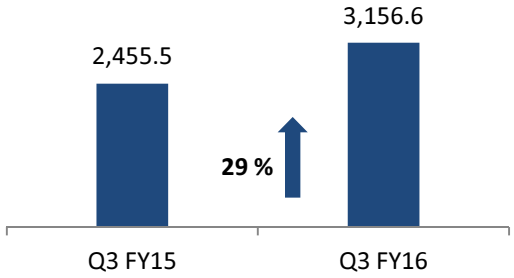
Excellent infrastructure for sampling and product design. Exclusive facilities with over 9,000 dedicated machines. 75 experienced designers working across India, HK and Indonesia.

INDIA	BANGLADESH	INDONESIA
High fashion and value added products at quick turn around with ccompetitive prices	Basic and Fashion basic products at compelling prices from our 100% owned facilities	Clean, career products at competitive prices with advantageous lead times

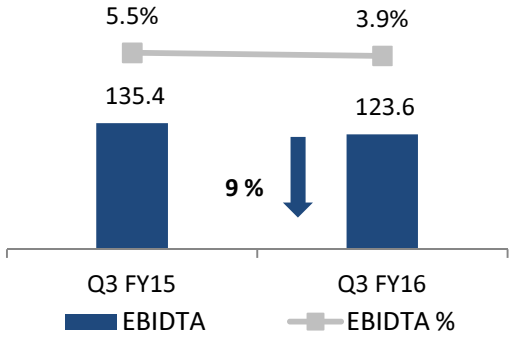
Q3 & 9M FY16 RESULTS HIGHLIGHTS

Q3 FY16 YoY ANALYSIS

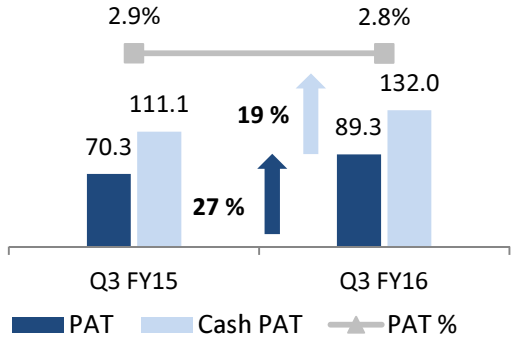
REVENUES



EBITDA & EBITDA MARGIN %

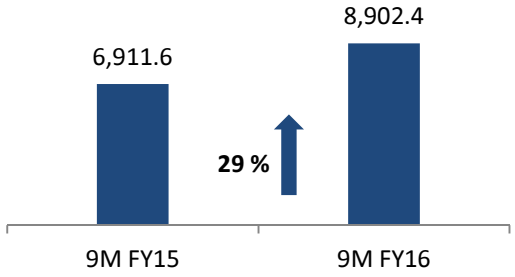


PAT & PAT MARGIN %

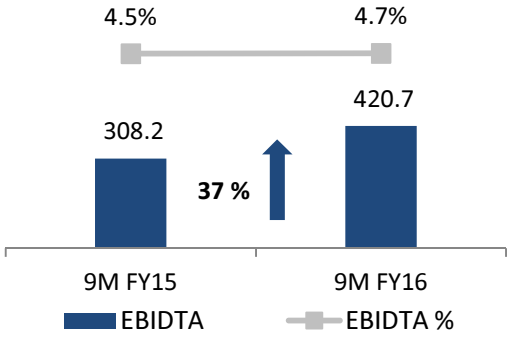


9M FY16 YoY ANALYSIS

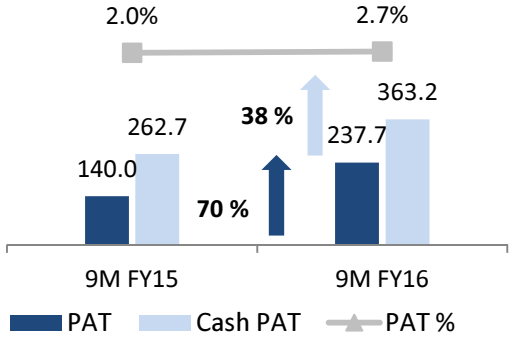
REVENUES



EBITDA & EBITDA MARGIN %



PAT & PAT MARGIN %



In Rs Mn

Q3 & 9M FY16 RESULTS HIGHLIGHTS

FINANCIAL UPDATE:

- Q3 FY16 and 9M FY16 revenues grew by 29% YoY driven by healthy capacity utilization on the back of robust demand.
- Q3 FY16 EBITDA declined by 9% YoY. Q3 FY16 EBITDA margin declined by 160 bps YoY to 3.9%. While the company maintained strong operational efficiency, certain exceptional issues impacted the operations. The company faced disruption at its Chennai facility caused by floods which led to production loss for one month. Further, there were also some procedural delays with regards to Bangalore facility compliances.
- 9M FY16 EBITDA increased by 37% YoY and EBITDA margin increased by 27 bps YoY to 4.7% driven by improved topline which led to positive operating leverage.
- Q3 FY16 and 9M FY16 PAT increased by 27% and 70% YoY respectively majorly driven by improved operating performance coupled with lower finance costs. The finance costs declined by 19% YoY during Q3 FY16 and 12% YoY during 9M FY16.
- PAT Margin remained stable at 2.8% during Q3 FY16 and improved by 64 bps YoY to 2.7% during 9M FY16.
- The company is witnessing an improved visibility on the business front on the back of robust order book and expects to sustain growth along with improved margins over coming quarters.

BUSINESS OUTLOOK

Preferred Vendor to Global Brands & Retailers	• Multi-product offerings, multi-location diversified & vertically integrated manufacturing base, strong design capabilities and strong quality compliance systems.
Asset Light & Scalable Business Model	• High operational flexibility & scalability as the manufacturing operations can be quickly scaled up / down in response to changing apparel demand scenario. • Optimal capacity utilisation can generate high ROCE.
Focus on Improvement in Capacity Utilisation	• Capacity Rationalisation through diversification into new geographies: • Focus on diversifying into other geographies like Australia, UK, Germany, Canada, Mexico, Chile, South Africa.
Capacity Expansion Plan	• Expansion plan to add capacities in Chennai and Bangalore over FY16-17. • Diversify business risk and capitalise on improving global apparel demand.
Future Growth Opportunity E-Retail Initiative "SBUYS"	• Forward integration into online fashion apparel retailing under the brand "SBUYS". • Leverage strong knowledge of fashion apparels and offer latest trends and designs across womenswear and kidswear segments.

ABOUT US: COMPANY OVERVIEW

Business Overview	• The erstwhile business of Pearl Global consisted of manufacturing, trading, marketing & distribution and exports of readymade garments. • The Company decided to segregate its global marketing, sourcing & distribution business from its garment manufacturing business. The Scheme of Demerger of M/s PDS Multinational Fashions Limited from M/s PGIL was approved by Hon'ble High Court at Delhi on May 13, 2014. • The existent company is purely engaged in manufacturing and exports of readymade garments.
Multi-Location Multi-Product Capabilities	• Well-diversified and de-risked manufacturing base across India, Indonesia and Bangladesh. • Capacity of around 5 million garments per month (including own and outsourced facilities). • Broad product range - knits, woven and bottoms (basic and complex designs) across men, women and kids wear segments.
Strong Global Clientele	• Single preferred vendor meeting various product requirements of its customers. This further enables it to expand its business from existing customers. • Global Clientele - 21 retailers with major thrust in USA and Europe, e.g. GAP, Banana Republic, Kohl's, Macy, Ralph Lauren, Tom Tailor, Next, to name a few.
SBUYS New E-Retail Initiative	• Forward integration into online fashion apparel retailing under the brand "SBUYS". • Offer in-house online retail portal "SBUYS.IN". • Leverage leading online retail platforms like Flipkart, Snapdeal, Jabong, Myntra, Fashion and You, Hopscotch, Amazon etc.

ABOUT US: SHAREHOLDING STRUCTURE

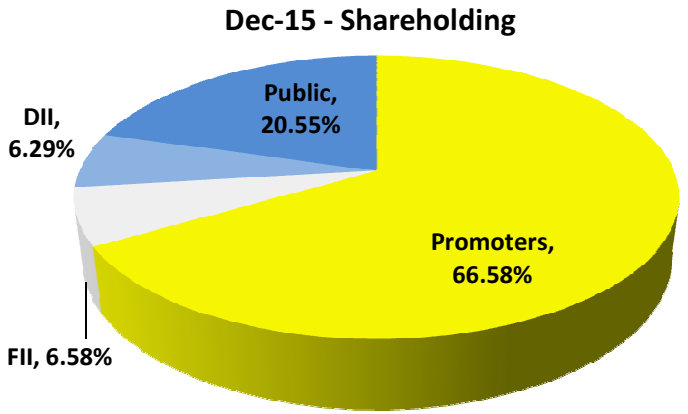
Shareholding %	Dec-15	Sep-15	Jun-14	Mar-15	Dec-14
Promoters	66.58%	66.58%	66.58%	66.58%	66.58%
FII	6.58%	5.50%	5.53%	6.73%	5.42%
DII	6.29%	6.42%	6.42%	6.47%	6.60%
Public	20.55%	21.50%	21.47%	20.22%	21.40%
Total No. of Shares (mn)	21.66	21.66	21.66	21.66	21.66

Source - BSE

Market Data	As on 12.02.16 (BSE)
Market capitalization (Rs Mn)	4,740.1
Price (Rs.)	218.8
No. of shares outstanding (Mn)	21.66
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	184.0 – 282.0

Key Institutional Investors at December-15	% Holding
Premier Investment Fund	4.85%
Reliance Capital	3.81%
LTS Investment Fund	1.73%
Lesing Mauritius Ltd	1.50%
GIC of India	1.18%
LIC of India	1.05%

Source - BSE



Source - BSE

KEY SUSTAINABLE ADVANTAGE: MULTI-COUNTRY MANUFACTURING PRESENCE

Global Manufacturing Facilities & Capabilities



INDIA

- Core centre for cotton fabrics.
- Specialization in handmade wovens & knitwears.
- Strong industry backward linkages.
- Easy availability of low cost labour, abundant raw material supply and stable political scenario .



BANGLADESH

- Core centre for knitwears.
- Large and highly skilled apparel workforce.
- Most competitive cost structure.
- Strong industry backward linkages.
- Excellent quality stitching and garment washing capabilities.



INDONESIA

- Core for cotton & synthetic fabrics.
- Highly skilled craftsmanship.
- Faster lead time than Bangladesh.
- Strong industry backward linkages.
- Low labour costs, stable political scenario, raw material availability, strict labour regulations.

RECENT STRATEGIC MANOEUVRES TO ENABLE PEARL GLOBAL TO BUILD A MORE EFFECTIVE SUPPLY CHAIN FOR ITS CLIENTS

- Pearl Global's new Bangladesh factory was set up recently with in-house knitting.
- Pearl has entered into strategic commitments with best dyeing mills in Bangladesh for dedicated capacities.
- Pearl India formed a strategic partnership with large North India mill for cotton and rayon fabrics. We have committed to 1.0 million yards per month.

KEY SUSTAINABLE ADVANTAGE: VERTICALLY INTEGRATED MANUFACTURING

VERTICALLY INTEGRATED MANUFACTURING CAPACITY

Location	Products	Factories	Machines	Total Capacity Mn Pieces / Month
North India	Woven Soft Sep	2	1,800	0.65
Indonesia	Woven Soft Sep	2	1,100	0.35
South India	Woven Soft Sep	5	1,600	0.43
Bangladesh	Woven Soft Sep	1	400	0.20
Total Woven Soft Separates		**10**	**4,900**	**1.63**
North India	Knits	1	1,100	0.60
Bangladesh	Knits	2	1,000	1.00
Total Knits		**3**	**2,100**	**1.60**
Bangladesh	Woven Bottoms	1	1,000	0.30
Bangladesh	Woven Bottoms	1	1,000	0.30
Total Woven Bottoms		**2**	**2,000**	**0.60**
Grand Total		**15**	**9,000**	**3.83**

EFFECTIVE SUPPLY CHAIN MANAGEMENT

- Strategic tie-ups with dyeing mills in Bangladesh.
- Strategic tie-ups with rayon and cotton fabric mills (1.0mn yards/month) in North India.

HIGH QUALITY PROCESSING INFRASTRUCTURE

- In-house hand-work setup in North India.
- One of the largest in-house embroidery capacity with 500 installed heads in North India and another 100 installed heads in Bangladesh.
- In-house washing capacity 50,000 pcs/day in North India & 35,000 pcs/day in Bangladesh.
- Garment dyeing facility with a capacity of 10,000 pcs/day in Bangladesh.

All facilities are fully compliant with local health, safety & labour regulations.
All facilities are approved by top retailer customers.

KEY SUSTAINABLE ADVANTAGE: MULTI-PRODUCT OFFERINGS

MULTI-LOCATION PRESENCE PROVIDES AN COMPETITIVE EDGE TO MEET THE COMPLEX & DIVERSE PRODUCT DESIGN REQUIREMENTS OF THE LEADING GLOBAL RETAILERS

Pearl Global's Diverse Presence and Product Specialisations

Region		Product Offering Specialization
India - Rajasthan (Access through third parties)	→	Handblock printing, hand embroidery, bead work
India - NCR, Delhi	→	High fashion cotton knitwear & wovens
India - Bangalore & Chennai	→	Basic & fashion wovens & knitwear
Bangladesh	→	Knitwears, basic shirts, jackets, bottom weights
Indonesia	→	High fashion polyester knitwear & wovens

Garment manufacturing skills are highly region specific

Pearl Global's value addition offerings:

- Machine and handmade embroidery, hand work, bead work, tie & dye designs, printing, garment washing, garment dyeing etc.

KEY SUSTAINABLE ADVANTAGE: APPROVED VENDOR TO GLOBAL BRANDS



KEY SUSTAINABLE ADVANTAGE: STRONG DESIGN CAPABILITIES

STRONG EMPHASIS ON IN-HOUSE DESIGN & PRODUCT DEVELOPMENT

- Dedicated in-house design team of 75 designers located in Hong Kong, India and Indonesia.
- The design teams continually shop markets all over the world and visit all the globally renowned fashion and textile fairs to collect design ideas.
- The design teams are well-equipped to serve the global brands from concept boards to customers.
- New design ideas from marketing people, closer to buyers, which are located in Hong Kong, London, USA and Germany.
- Focus has been on creating brand specific product designs to generate and accelerate business opportunities for the global brands and retailers.



KEY SUSTAINABLE ADVANTAGE: STRONG QUALITY CHECK & SYSTEMS

COMMITMENT TO LEAN PROCESSES, HIGH PRODUCTIVITY AND QUALITY COMPLIANCE

- All manufacturing units are using SAP, an integrated ERP software system, to run day to day operations and monitor key performance indicators.
- System integration has created important checks and balances, resulting in accurate material ordering and complete analysis of customer and seasonal requirements.
- One of the lowest rejection ratio of 2% – 3%.
- 3rd party certifications from leading global inspection and quality check companies like Intertek, SGS and Bureau Veritas.
- Regular quality check inspections from customers.
- Fully compliant with all regulations and quality assurance standards like ISO, 5S and Citipac.



FUTURE GROWTH OPPORTUNITY – E-RETAIL INITIATIVE “SBUYS”

Pearl Global
has forward integrated into
online fashion apparel retailing
under the brand “SBUYS”



PEARL GLOBAL – E-RETAIL STRATEGY

Business Growth Opportunity	• Forward integration into online fashion apparel retailing under the brand "SBUYS". • Online retailing is a high-growth space and offers strong potential to build a business model with healthy margin profile.

Business Rationale	• Leverage its strong knowledge & understanding of fashion apparels –
	  • Multi-location presence & multi-product expertise.
	  • In-house design team.
	  • Strong global apparel brand relationships.
	  • Early insights into latest global apparel trends and designs across womenswear and kidswear segments.
	• Offer international fashion clothing to Indian consumers at best possible prices.

Business Strategy	• Offer in-house online retail portal "SBUYS.IN". • Leverage Tie-Ups with leading online retail platforms like Flipkart, Snapdeal, Jabong, Myntra, Fashion and You, Hopscotch, Amazon etc.

ANNEXURE

Q3 & 9M FY16 – CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (Rs Mn)	Q3 FY16	Q3 FY15	YoY %	Q2 FY16	QoQ%	9M FY16	9M FY15	YoY %	FY15
Total Income from Operations	**3,156.6**	**2,455.5**	**28.6%**	**2,925.0**	**7.9%**	**8,902.4**	**6,911.6**	**28.8%**	**10,237.4**
Cost of Goods Sold	1,679.5	1,230.4	36.5%	1,657.6	1.3%	4,824.8	3,539.7	36.3%	5,363.9
Gross Profit	**1,477.1**	**1,225.1**	**20.6%**	**1,267.4**	**16.5%**	**4,077.6**	**3,371.9**	**20.9%**	**4,873.5**
Gross Margin %	***46.8%***	***49.9%***	**-310 bps**	***43.3%***	**346 bps**	***45.8%***	***48.8%***	**-298 bps**	***47.6%***
Employee Expenses	537.5	449.7	19.5%	479.8	12.0%	1,490.8	1,210.0	23.2%	1,661.3
Other Expenses	816.1	639.9	27.5%	690.3	18.2%	2,166.0	1,853.7	16.9%	2,715.7
EBITDA	**123.6**	**135.4**	**-8.8%**	**97.3**	**27.0%**	**420.7**	**308.2**	**36.5%**	**496.5**
EBITDA Margin %	***3.9%***	***5.5%***	**-160 bps**	***3.3%***	**59 bps**	***4.7%***	***4.5%***	**27 bps**	***4.8%***
Depreciation	42.7	40.9	4.3%	41.9	1.9%	125.5	122.7	2.3%	158.5
Other Income	68.1	47.8	42.6%	59.5	14.4%	176.3	149.6	17.8%	240.5
Finance Cost	43.1	53.3	-19.2%	51.4	-16.2%	150.6	171.0	-12.0%	234.9
PBT	**106.0**	**89.0**	**19.0%**	**63.6**	**66.7%**	**321.0**	**164.1**	**95.6%**	**343.6**
Exceptional items	0.0	0.2	-85.3%	-9.6	-100.3%	-10.8	0.9	-	-1.4
Tax Expense	19.7	19.0	3.8%	22.0	-10.3%	75.5	25.1	200.8%	99.0
PAT	**86.3**	**70.2**	**22.9%**	**32.0**	**169.8%**	**234.7**	**139.8**	**67.8%**	**243.1**
Share of Profit/Loss of associates	0.0	0.0	-	0.0	-	0.0	0.0	-	-
Minority Interest	3.1	0.1	-	0.0	-	3.0	0.2	-	7.6
PAT after minority interest & share of profit of associates	**89.3**	**70.3**	**27.2%**	**31.9**	**179.8%**	**237.7**	**140.0**	**69.8%**	**250.7**
PAT Margin %	***2.8%***	***2.9%***	**-3 bps**	***1.1%***	**174 bps**	***2.7%***	***2.0%***	**64 bps**	***2.4%***
Earnings Per Share (EPS)	**4.12**	**3.24**	**27.2%**	**1.47**	**180.3%**	**10.97**	**6.46**	**69.8%**	**11.57**

CONSOLIDATED BALANCE SHEET STATEMENT

Particulars (Rs Mn)	FY15	H1 FY16
Share Holders' Funds:		
Equity share capital	216.6	216.6
Reserves and Surplus	2,957.6	3,137.4
Total of Shareholder funds	**3,174.3**	**3,354.0**
Minority Interest	**98.4**	**89.4**
Non-current liabilities:		
Long term Borrowings	138.9	210.1
Deferred tax liabilities (Net)	-	-
Other Long Term Liabilities	413.3	422.7
Long Term Provisions	46.8	63.0
Total of Non-current liabilities	**599.0**	**695.9**
Current liabilities:		
Short-term borrowings	1,459.9	1,558.5
Trade payables	1,658.2	1,338.7
Other current liabilities	292.1	250.0
Short-term provisions	60.6	11.1
Total of Current liabilities	**3,470.8**	**3,158.3**
Total Assets	**7,342.5**	**7,297.5**

Particulars (Rs Mn)	FY15	H1 FY16
Non-current assets:		
Fixed Assets	2,076.2	2,085.1
Goodwill on Consolidation	83.2	56.1
Non-current investments	0.5	0.5
Deferred Tax Assets (Net)	27.3	31.7
Long-term loans and advances	431.8	356.9
Trade Receivables	15.5	7.7
Other non-current assets	36.2	37.3
Total non-current assets	**2,670.8**	**2,575.3**
Current assets:		
Current Investments	111.8	329.0
Inventories	1,747.7	1,712.9
Trade receivables	1,193.2	1,161.7
Cash and bank balances	944.0	922.4
Short-term loans and advances	389.2	462.0
Other Current Assets	285.8	134.3
Total Current Assets	**4,671.7**	**4,722.3**
Total Assets	**7,342.5**	**7,297.5**

FOR ANY FURTHER QUERIES PLEASE CONTACT -

THANK YOU

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