PDS Multinational Fashions Limited

PDS/SE/2017-18/34 **26th February, 2018**

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

Scrip Code/ID: **NSE: PDSMFL;** **BSE: 538730**

SUB: **Investor Presentation for Quarter & Nine Months Ended 31st December, 2017.**

Dear Sir/Madam,

Please find attached herewith the Investor Presentation for the Quarter and Nine Months ended 31st December, 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,

For **PDS Multinational Fashions Limited**

B. Chandra Sekhara Reddy
Company Secretary & Head-Legal

Encl.: a/a

PDS MULTINATIONAL FASHIONS

Q3 & 9M FY18 Result Presentation

Safe Harbor

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

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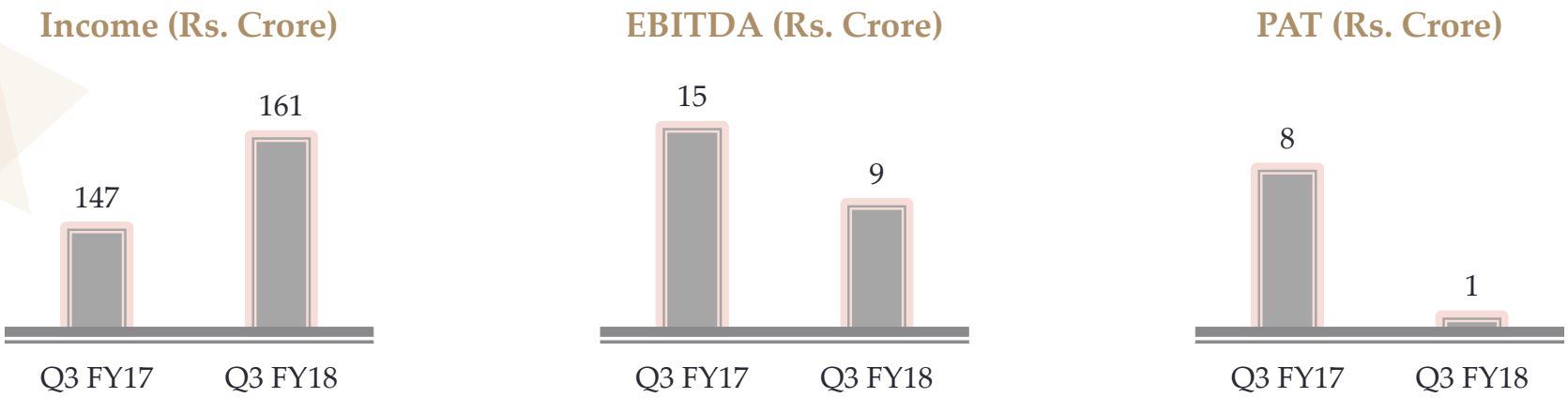
Q3 FY18 – Performance Highlights

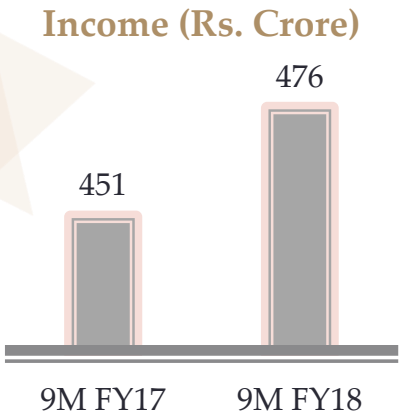


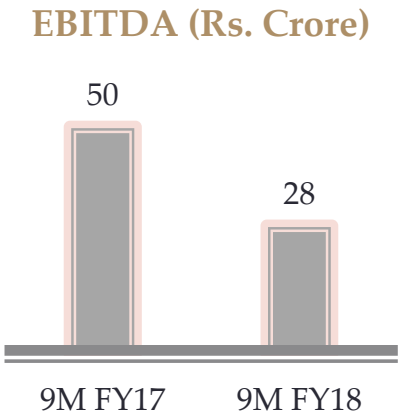
Margins as a % of Income (Gross Profit)	10%	6%	5%	1%

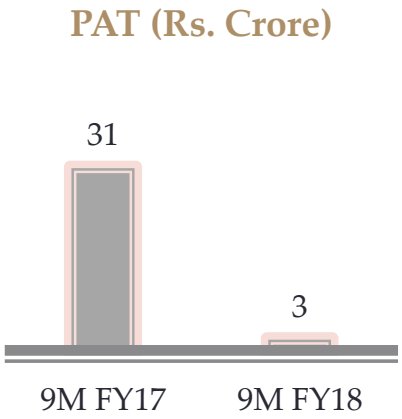
- Revenues (incl. other income) stood at Rs. 1,153 crore as against Rs. 1,067 crore, higher by 8% Y-o-Y
- Income marked a healthy growth of 10% Y-o-Y to Rs. 161 crore, despite a challenging operating environment
- EBITDA at Rs. 9.5 crore, translating into 6% of income
- The Company's sourcing business vertical has delivered a steady performance during the quarter
- The Company's manufacturing business vertical is in initial phase, which is resulting in losses. The Company expects the segment to deliver healthy performance in the forthcoming years
  - Manufacturing business revenues stood at Rs. 15 crore; EBITDA loss at Rs. 14 crore and net loss stood at Rs. 15 crore

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

9M FY18 – Performance Highlights







Margins as a % of Income (Gross Profit)	11%	6%	7%	1%

- Revenues (incl. other income) stood at Rs. 3,441 crore, higher by 5% Y-o-Y
- Income grew by 6% Y-o-Y to Rs. 476 crore as against Rs. 451 crore in 9M FY17
- EBITDA at Rs. 28 crore, translating into 6% of income
- Strategic investments towards the Company's manufacturing initiative has impacted profitability during the period – the Company expects the profitability of the manufacturing venture to stabilize in the coming years
  - Revenues from the manufacturing division stood at Rs. 23 crore, with EBITDA loss at Rs. 35 crore and net loss stood at Rs. 38 crore

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

Abridged Profit & Loss Statement – Consolidated

Rs. crore

Particulars	Q3 FY17	Q3 FY18		9M FY17	9M FY18
Revenues (incl. other income)	**1,067.2**	**1,152.6**		**3,282.3**	**3,440.5**
Material Cost					
- Purchases of Stock-in-Trade	912.7	995.0		2,819.1	2,956.4
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	4.3	(10.3)		(1.7)	(13.8)

	Particulars	Q3 FY17	Q3 FY18		9M FY17	9M FY18
1	**Income (Gross Profit)**	**146.8**	**161.1**		**451.3**	**476.2**
	Employee Expenses	62.2	76.3		192.9	224.7
	Other Expenses	72.8	82.1		222.2	245.1
2	**EBITDA**	**15.1**	**9.5**		**49.8**	**28.2**
	EBITDA Margin (2/1) (%)	***10.3%***	***5.9%***		***11.0%***	***5.9%***
	Depreciation	3.2	3.2		9.6	11.5
	Finance Cost	2.7	5.3		9.3	13.5
	Profit Before Tax	**9.2**	**1.0**		**31.0**	**3.2**
	Tax Expenses	1.1	0.1		0.3	0.7
3	**Profit After Tax**	**8.1**	**0.9**		**30.7**	**2.5**
	PAT Margin (3/1) (%)	***5.5%***	***0.6%***		***6.8%***	***0.5%***

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

Q3 FY2018 Financial and Operational Discussions (Y-o-Y)

PDS Multinational Group

Total Income at Rs. 1,153 crore, higher by 8% YoY

- Despite the pricing pressures across Company's key operating markets of Europe, UK and Asia, the business registered a healthy growth in topline
- Company's sourcing business shows a healthy profile as client engagements penetrate to multiple markets progressively
- Steady traction witnessed across the manufacturing business segment. Progress apparels has started registering sales during the quarter. The Company will be commissioning the GSS manufacturing facility in Bangladesh by March 2018.
- Customer additions during the quarter stood at 8

EBITDA stood at Rs. 9 crore; EBITDA margin steady at 6%

- Company is on-boarding employee and partner resources to pursue higher growth opportunities across sourcing and manufacturing segments
- Moreover, strategic investments towards establishing manufacturing business operations further impacted profitability performance

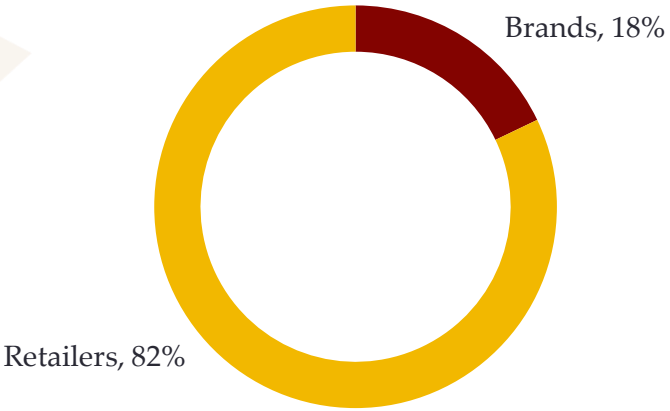
PAT stood at Rs. 1 crore

The business remains well-capitalized to deliver against growth opportunities - Long-term debt-to-equity position as on Dec 31, 2017 stands healthy at 0.12

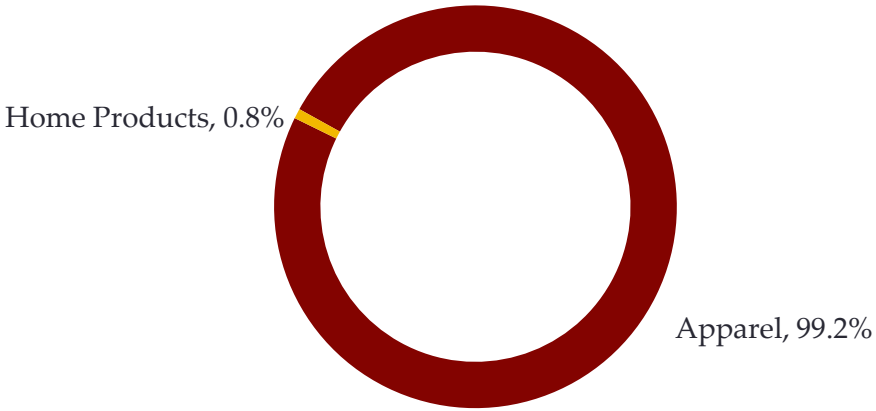
Note: Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

Key Metrics – Q3 FY18

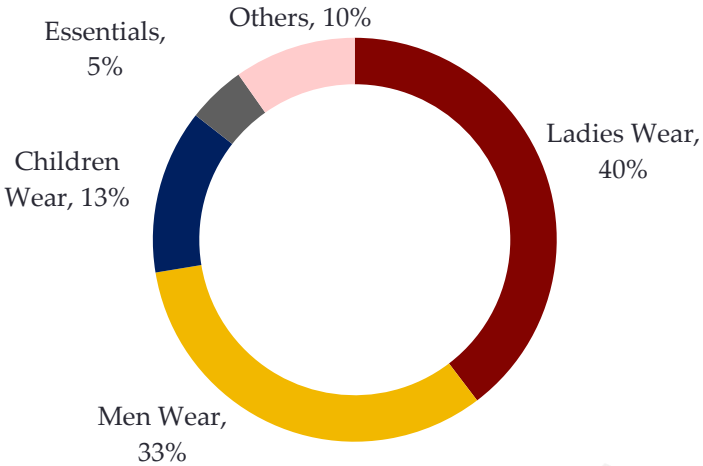
Customer-wise Revenue Break-up



Product-wise Revenue Break-up

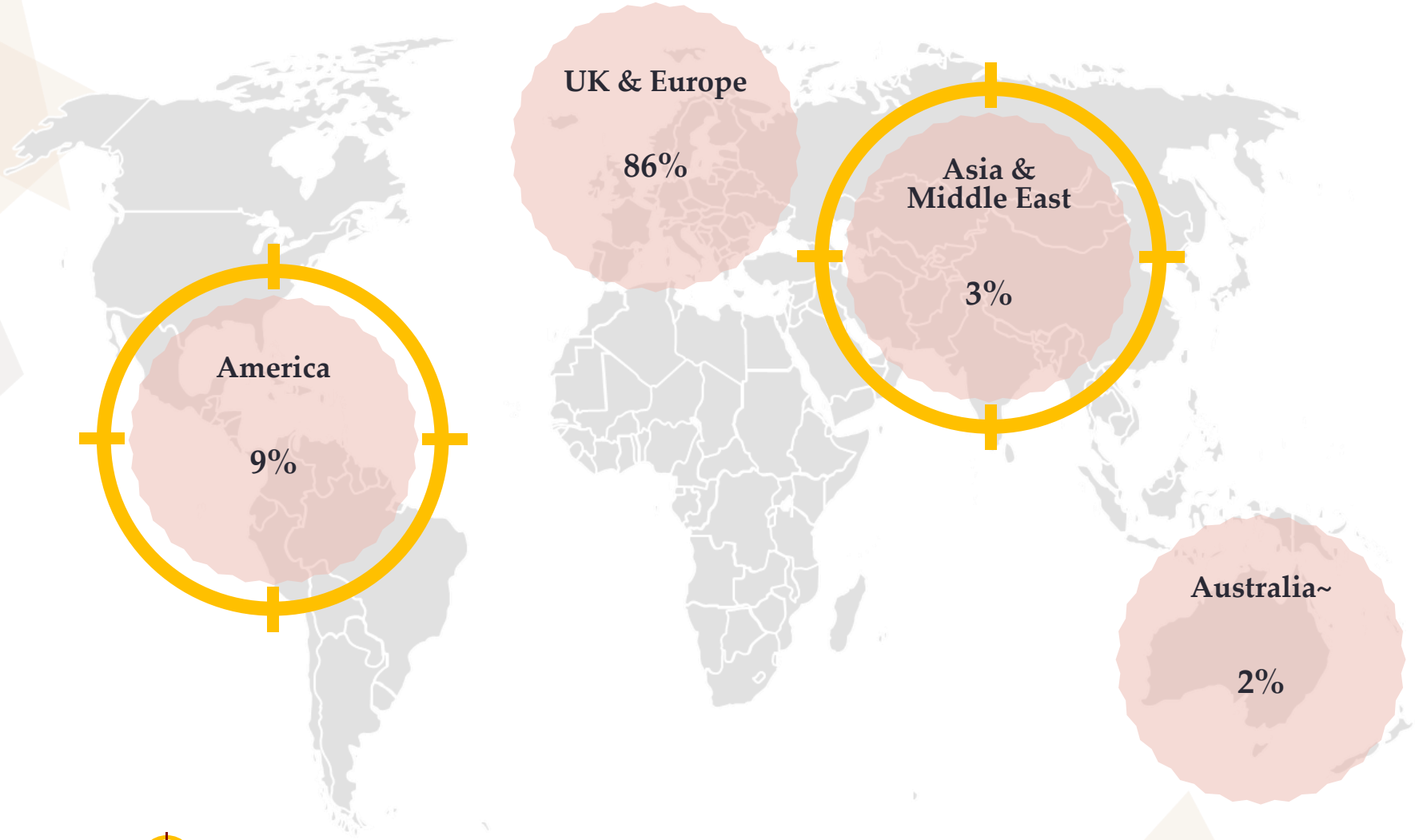


Apparel-wise Revenue Break-up



Note: * Based on customer locations, reclassified wherever necessary

Customer Profile as on December 31, 2017 *



Strong Focus on Augmenting Market share in the upcoming months

- **Customers with sales value more than USD 100K*
- *~Australia & Others*

Management's Message

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

"We have delivered a stable operational and financial performance during the quarter, especially considering a very volatile global demand environment. Although broader market challenges led to some pricing pressures across our key markets of Europe, UK and Asia, the overall business performance remained fairly steady. Established business delivered better growth during the period, driven by a combination of enhanced operational capabilities, expanding reach to newer suppliers and a solid reference base.

On the operational front, we are happy to share that we recently commissioned the GSS manufacturing facility in Bangladesh, last month. Both the GSS and Progress Apparels facilities in Bangladesh are marking strong progress and we believe, these two new in-house apparel manufacturing factories will help create a fully integrated supply chain in the next few months.

Overall, our fundamentally strong business model and focus on operational excellence have helped us to maintain market share across geographies. Our endeavor is to further ramp up the established and emerging business lines and position ourselves as a preferred strategic manufacturing partner across the global markets."

Company Statistics

One of the leading global organizations - strategic manufacturing partner to major brands and retailers

- **160+** Global Leading Retailers And Brands As Customers
- **1,700** Associates and **2,700** factory workers worldwide
- **31** Offices Across **18** Countries
- Revenue Stood at Rs. **4,630** Crore in FY17
- Income stood at Rs. **627** Crore in FY17
- **150** Own designers in key markets
- **0.08** Long-term debt/equity ratio as on March 31, 2017
- Operates **2** factories in Bangladesh and **1** factory in Sri Lanka
- **16** Customers added in the last 12 months

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

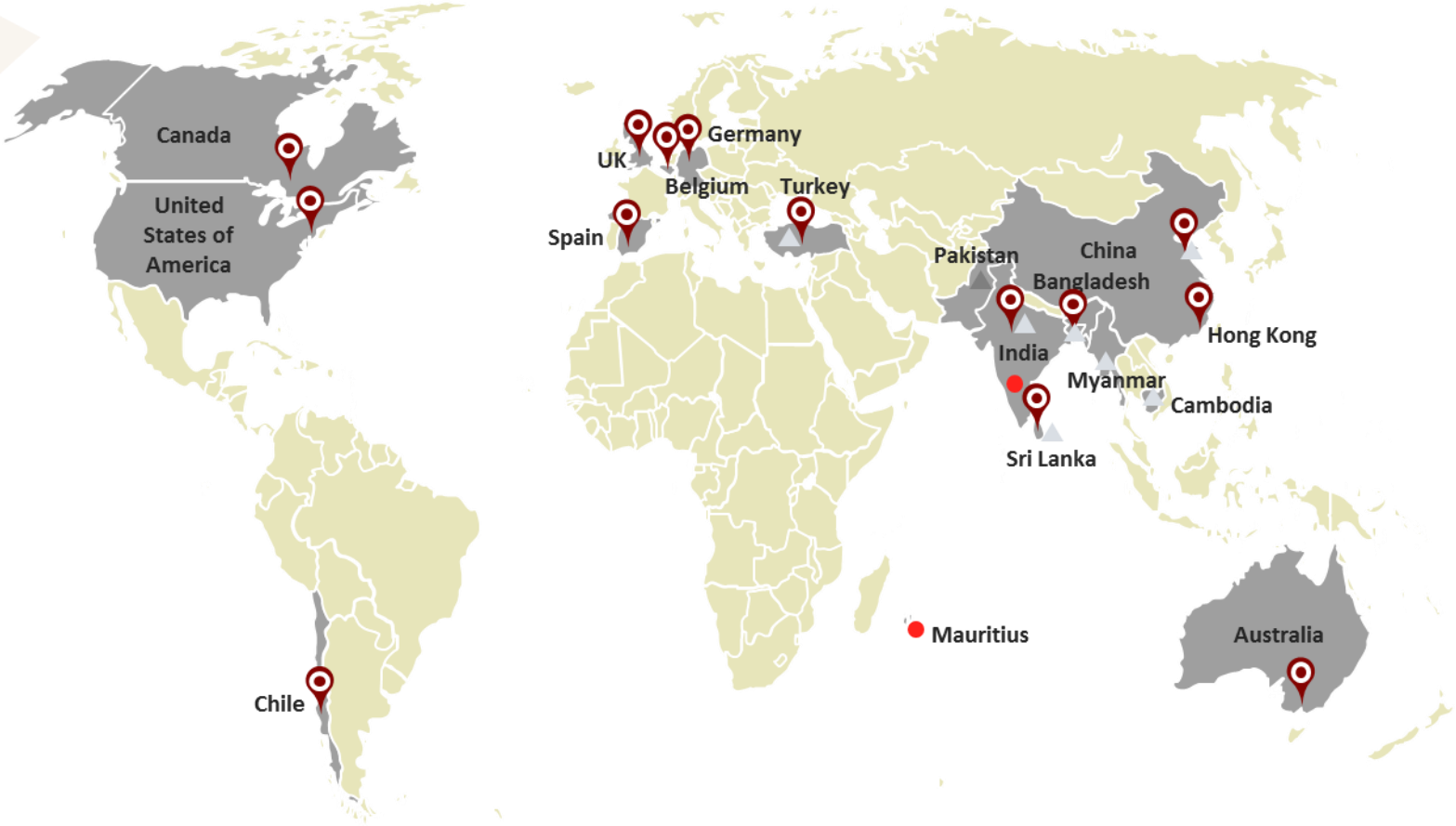
Global Fashion Manufacturing and Sourcing Business

Company works with ~200 partner factories to deliver more than 1 million units a day across a massive retail customer base

Stringent ethical standards – PDS Group handles audit and compliance of all its subsidiaries and partner factories

Close-to-demand Global Market presence

Over the last few years, PDS Multinational Fashions has widened its presence all across the globe



Sourcing / Manufacturing Operations | Sales & Design Operations | Corporate Office

Transformation Underway..

Figures in Rs. crore

Particulars	FY2014	FY2017
Income	584	**627**
PAT	24	**38**
Net Worth	373	**463**
Long-term Debt Equity Ratio	0.13	**0.08**
Cash & Bank Balances	212	**248**
Market Presence (Countries)	14	**18**

Impressive Growth Trend

(FY14 – FY17)

17%
Growth in PAT

~55%
Cash & Bank Balances / Market Cap*

10x
Growth in Retailer & Brands Base

- *Market Cap as on March 31, 2017*
- *Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions*

Upscaling PDS - Confidence in the future growth

Paving inroads in Manufacturing

- Manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts (GSS) Group in addition to the current factory facilities in Sri Lanka
- Strategic investments in two new in-house apparel manufacturing factories to create a fully integrated supply chain
- The venture will facilitate expansion and better penetration in the high-potential US markets

Strengthening Existing Relationships

- Enhancing levels of engagement with existing customers
- Scaling up distribution network in Australia, Brazil, India, Middle Eastern Countries and LatAm
- Aggressively focusing on improving market share in the Emerging Markets, thus enhancing export share revenue growth

Deep Expertise

- PDS on the back of a strong balance sheet and proven pedigree over several years has in place large limits with several banks in the geographies wherein it operates
- The Company's investors, partners, bankers remain very confident on the business prospects despite a dreary macro-economic outlook
- Company's high standard of operations and unparalleled balance sheet profile

Technology Business Initiative

- Forayed into Technology business to develop and offer cloud-based software and mobile applications in HRM through Qandle
- 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

About Us

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 four 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 1,700 Associates and 2,700 factory workers 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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THANK YOU