

# PDS Multinational Fashions Limited



PDS/SE/2017-18/28

04<sup>th</sup> January, 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: Corporate Presentation of PDS Multinational Fashions Limited**

Dear Sir / Madam,

Please find attached herewith the Corporate Presentation of the PDS Multinational Fashions Limited and you are requested to kindly update the same and obliged.

Thanking You,

Yours Faithfully,

For PDS Multinational Fashions Limited

**B. Chandra Sekhara Reddy**  
Company Secretary & Head-Legal



Encl.: a/a



# CORPORATE PRESENTATION

December - 2017



# 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*

# Table of Content







# COMPANY FACTS

# 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

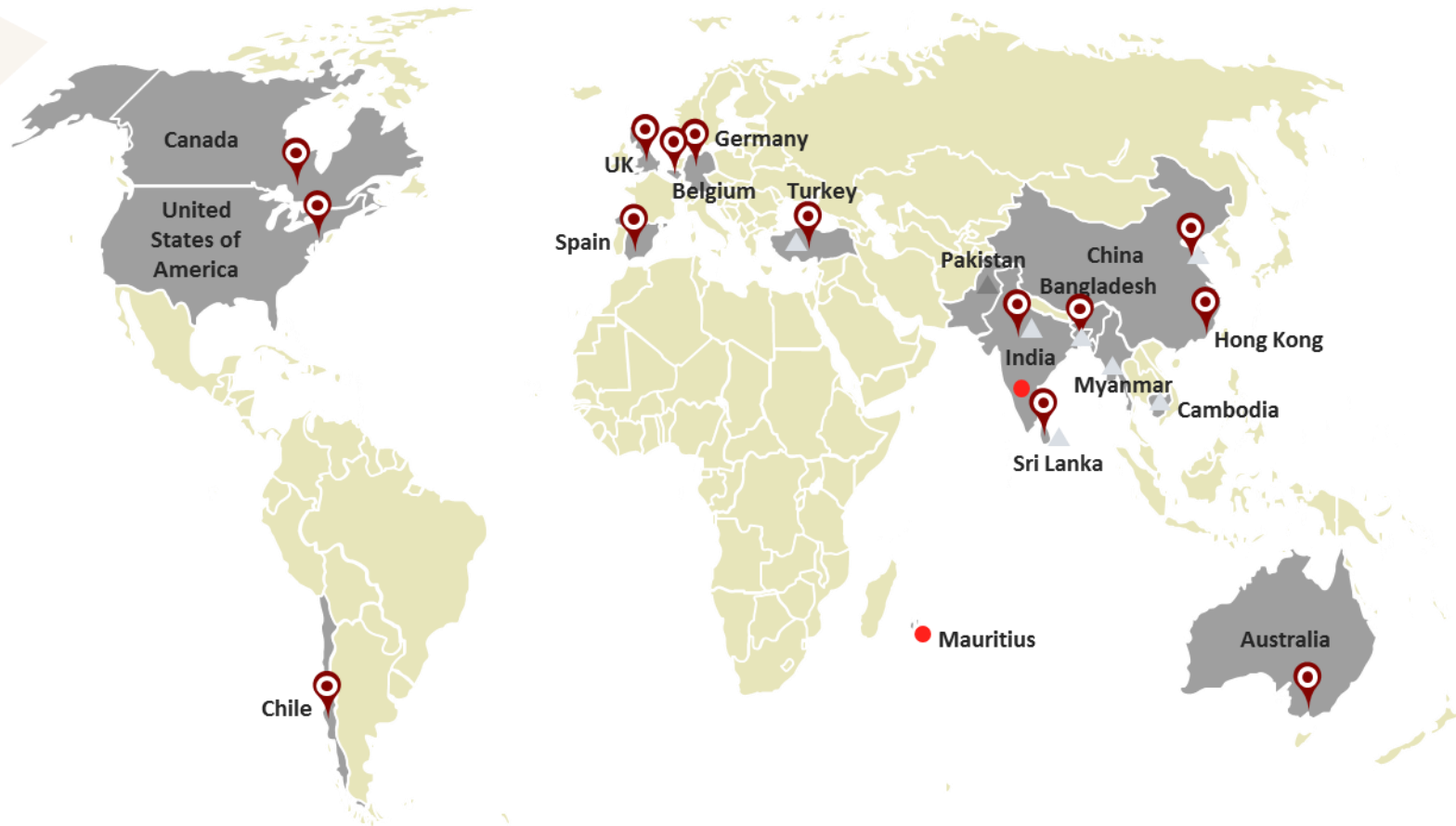


Company works with ~200 partner factories to deliver more than 1 million units a day across a massive retail customer base

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



# Milestones

Promoter family established first flagship companies

- Norwest Industries in Hong Kong
- Poeticgem in UK

Entered into denims through establishment of Zamira Fashion in Hong Kong

Acquired FX Import Company in the UK

Began Direct Marketing operations in Chile under the names - PG Group and PG Home

Marked entry into the non-apparel category of Home wear and home furnishing

Formed a PGM license division business in the UK to supply, design and manufacture licensed apparel products

Established operations in Turkey, Germany, Sri Lanka and Spain

Expanded Direct Marketing offices in Melbourne, Australia

Commenced OSG operations in Bangalore

Received license for operations in Myanmar

Set up leased manufacturing operations in Sri Lanka

Launched Manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts(GSS) Group

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

**1999**

**2007-08**

**2012-13**

**2016-17**

**2003-05**

**2009-10**

**2014**

Received approval for sourcing operations in India

Launched the Logistics business as Pacific Logistics in UK

Established sourcing operations in China , Bangladesh

Launched Bangladesh Direct marketing operations

Established Direct marketing business operations in India through Nor Delhi

Entered joint ventures with FG4 in Middle East, thus launching branded retail business operations

Listed on Indian Stock Exchanges post demerger

Launched NAVEX website to strengthen PDS' code of conduct and global compliance

Entered into JV with Techno Germany and Yellow Octopus, UK

Began operations in Cambodia

Fabric Sourcing Division set up in Shanghai

Began Sourcing operations in Belgium & Pakistan

JJ Star operations started in South China

# 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

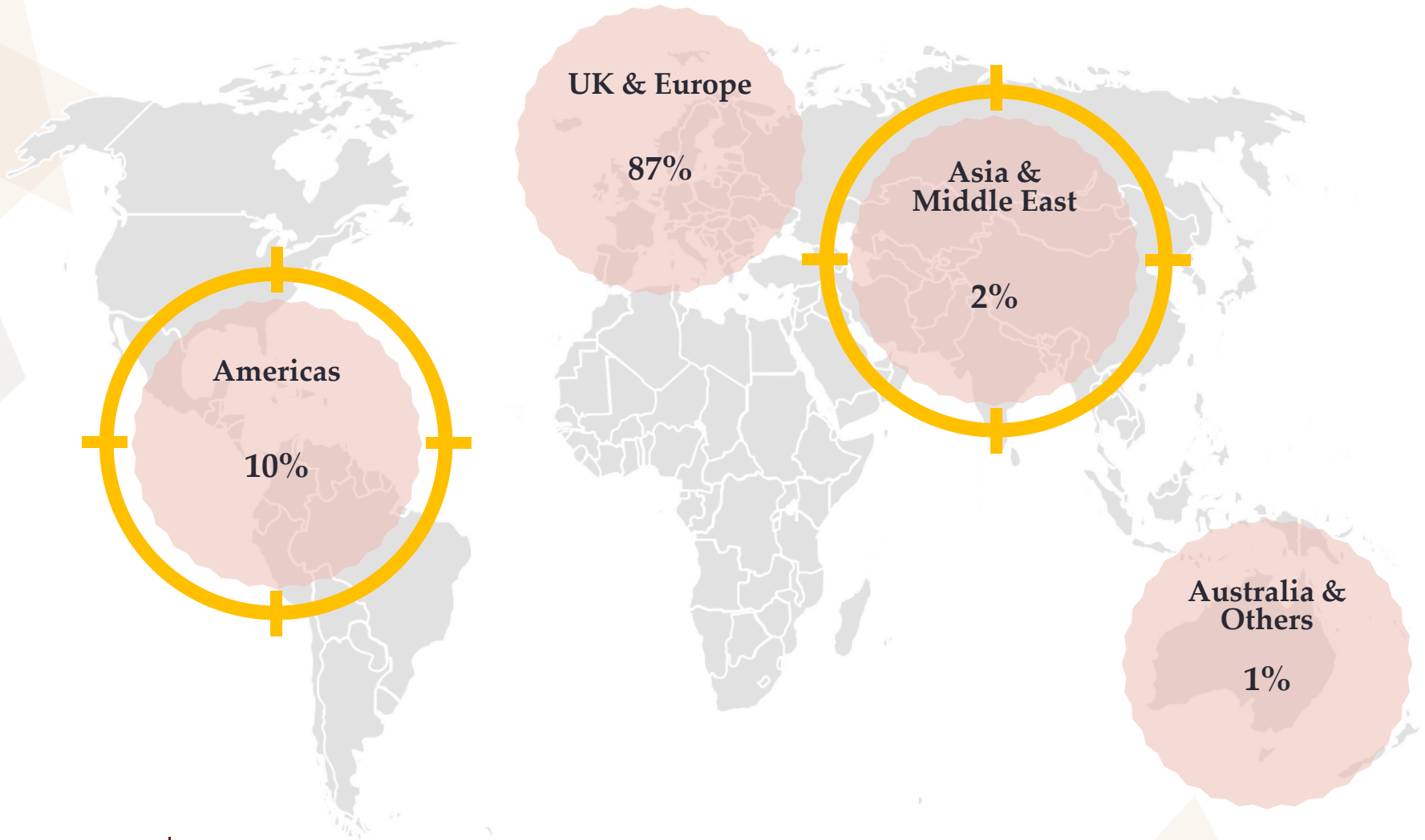
- Market Cap as on March 31, 2017
- Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions

# Our Customers

<p><b>90%</b></p> <p>Business from repeat customers</p>	<p><b>25</b></p> <p>Long-term relationships with brands</p>	<p><b>90%</b></p> <p>of Total Products sold designed by Company itself</p>
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# Customer Profile as on September 30, 2017 \*

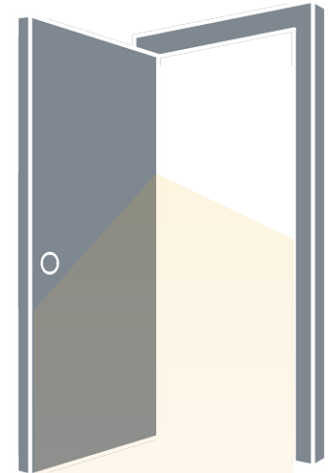


 *Strong Focus on Augmenting Market share in the upcoming months*

• \*Customers with sales value more than USD 100K

# Attractive Sector Dynamics Offer Huge Opportunities

- **Heterogeneous Markets**
  - Every market is showing a different and varied consumption pattern marked by changing lifestyle standards, purchasing preferences and buying trends
- **Increasing consumerism**
  - Emerging lifestyles, rising incomes, a younger set of consumers and a clear shift in buyer mindsets driving higher consumption of branded products
- **Underserved Emerging Markets**
  - Growth differential between the advanced and emerging economies in terms of fast-rising consumer spend patterns
  - New shoppers base and increased per capita spending to drive higher growth
- **Population growth and change in demographics**
  - The steady growth in overall population and positive trends in demographics have provided a steady tailwind to the industry

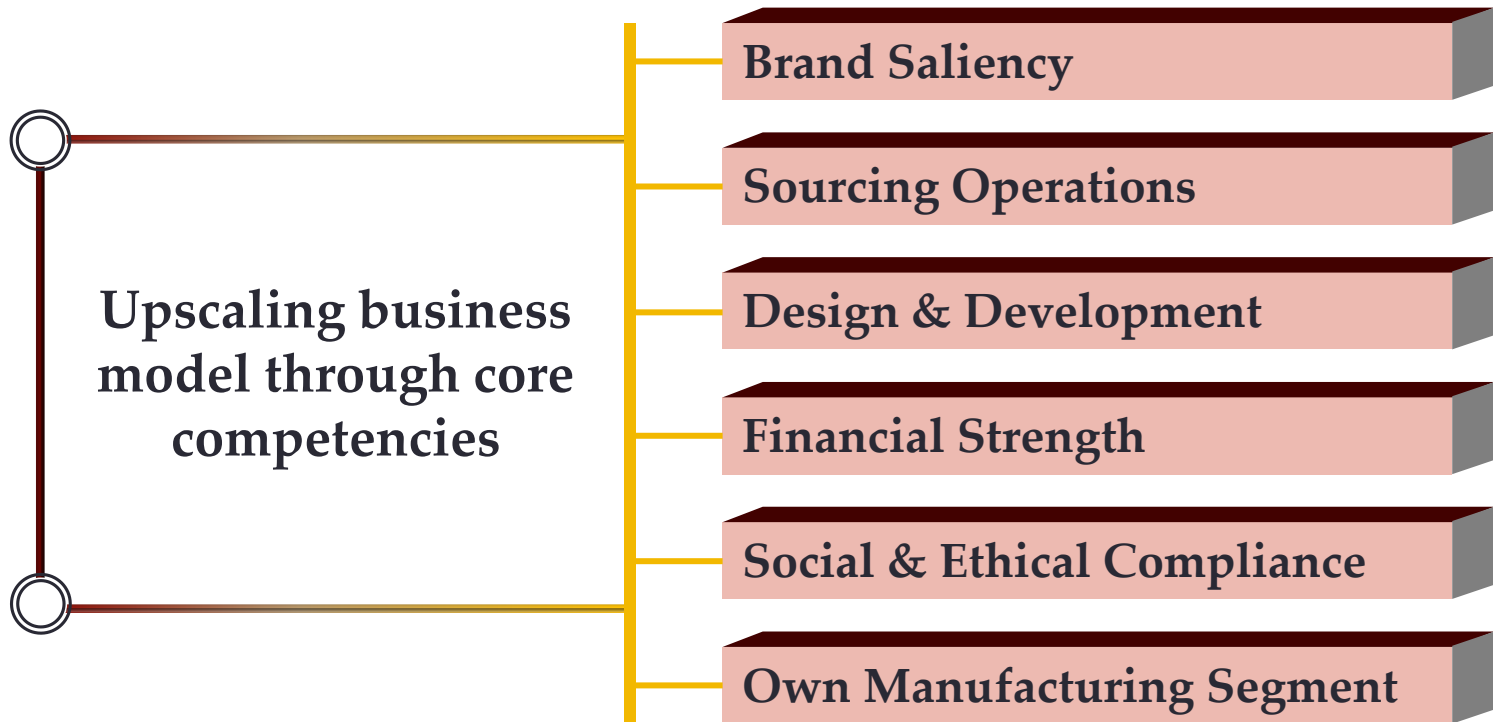






# BUSINESS COMPETENCIES

# Business Competencies



# Business Competencies



## Brand Saliency

- Leading & trusted global strategic manufacturing partner to major brands and retailers
- 40 year history in manufacturing excellence
- Brand synonymous with premium quality of goods, utmost transparency of service and reliability of operations
- Cost advantage from group purchasing power & Fabric/Trim consolidation
- Brand connectivity, diverse product range along with niche product development and design capabilities takes up the ante in terms of reach and competitiveness of the brand

# Business Competencies



- Strong relationships with manufacturers across key sourcing geographies – Bangladesh, Cambodia, China, India, Myanmar, Pakistan, Sri Lanka, Turkey
- Flexible and cost effective sourcing solutions.
- Extensive network of over 1, 000 suppliers technically and ethically audited to meet end customers' demands
- Market intelligence provided to sourcing partners
- Thrust on productivity & efficiency optimization
- Dedicated teams set up for each customer to ensure the highest level of quality, service and confidentiality

**Sourcing**

# PDS - Business Cycle – Sourcing Operations

## GROWTH BUSINESSES

- High-growth & Scalable Businesses
- Investments towards building solid growth foundation
  - Identifying new-customer relations
  - Putting in place infrastructure
  - Business development
- Periodic reviews to ensure progress in line with plan

*Profitable*

After 3 years

*Non -  
profitable*

## ESTABLISHED BUSINESSES

- Demonstrated strong operational & financial performance
- Established customer relationships
- Focus on expanding customer base
- Deriving business from repeat customers
- Enhanced ROI
- Healthy margin contribution

## Restructure

Emphasis of restructuring plan is on minimizing loss of investments to PDS - Future investments would be performance-linked

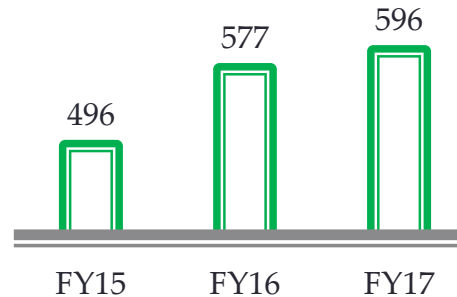


# PDS - Sourcing Operations – Established business

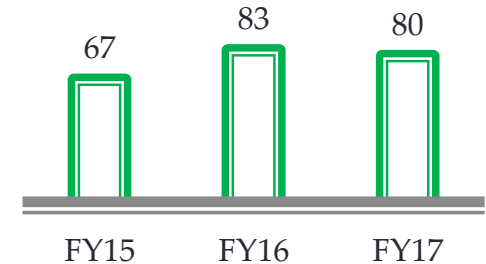
## Established Business

- Future business plans drawn realistically keeping in mind softer retail environment
- Going forward, emphasis will be on:
  - Partnering with customers
  - Reducing sensitivity to any particular customer
  - Long-term growth prospects for mature established businesses remain solid

Income from Established Business (Rs. crore)

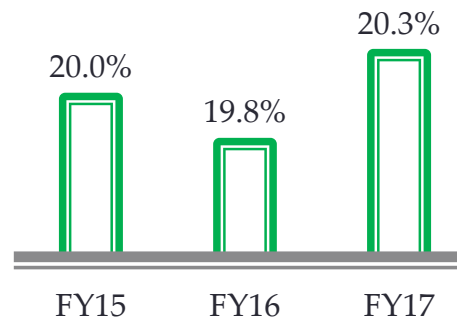


PAT from Established Business (Rs. crore)

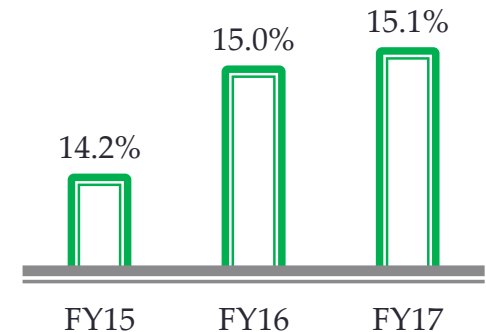


Revenues	FY15	FY16	FY17
	3,465	3,960	4,219

ROE from Established Business (%)



ROCE for Established Business (%)



### Note:

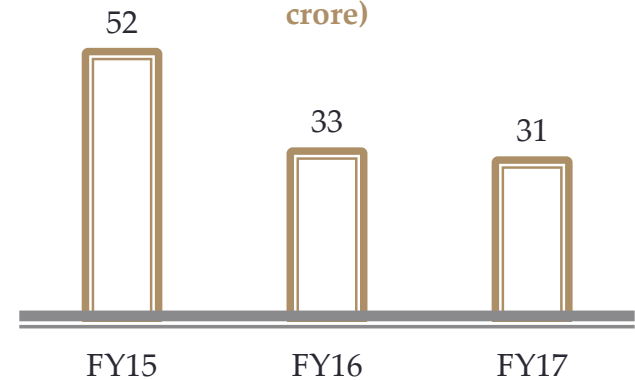
- Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions
- Non-core assets include investments in Property Residential and Warehouse in UK, and investment in Mutual funds, bonds and Retail.
- Calculation for Capital Employed (established business) : Total Net worth + Short Term borrowings - Capital employed of Growth business - Investment in Non-core assets - Capital employed of manufacturing business

# PDS - Sourcing Operations – Growth business

## Growth Business

- Initial investment in OPEX to support growth plans of businesses resulted in negative profitability
- Thrust on periodic monitoring of performance; making course corrections if necessary
- Profitable or restructure post 3 years

Income from Growth Business (Rs. crore)



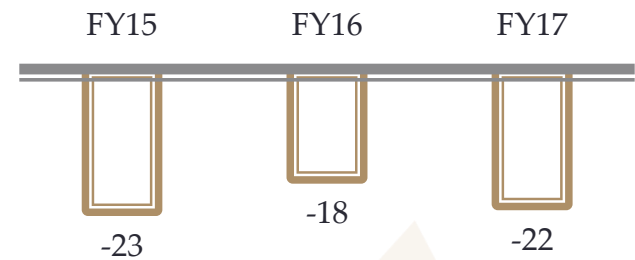
Revenues

421

348

407

PAT from Growth Business (Rs. crore)



### Note:

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

# Business Competencies



## Sourcing (Agency Model)

- A-la-carte approach towards managing the entire supply chain execution of end-customers
  - Sourcing
  - Design
  - Quality Check
- Minimized risks of cancellation/delays from customers
- Low overheads & operational costs
- Provides in-house expertise and market know-how in managing global trade
- Proactive approach towards regulation-compliant goods
- Fabric Sourcing Division support in China
- The Group is a sourcing agent in Asia for ANWB (Exclusive) , Klingel, Trampolin, Wool worth and Wibra

# Business Competencies



- Over 150 highly qualified in-house designers
- Develops over 1,000 new styles every month
- Produces over 10,000 samples every month
- In-house product development, design, sampling, and technical teams
- Designers based in London, Hong Kong, New York, Barcelona, Dusseldorf, New Delhi, Shanghai, Colombo, Santiago and Brussels
- Team of Design specialists comprehensively track and deliver the latest trends in business
- Operates own sample rooms managed by experienced product development professionals, resulting in a high-quality stylish final product

**Design &  
Development**

# Business Competencies



## Financial Strength

- Financially strong business - Healthy Balance Sheet
- USD 300mn Credit and Working Capital Limits
- Asset-light business model
- Large credit and working capital limits with several banks across geographies
- Bridges the gap between quality small vendors and large global brands
- Provides Financial assistance to select and qualified vendors
  - Offers CMT (Cut, Make and Trims) operations to support select and qualified vendors
  - Advance payments/Pre shipment finance support to procure raw material
- Financial Risk management – Inventory, Forex & Credit



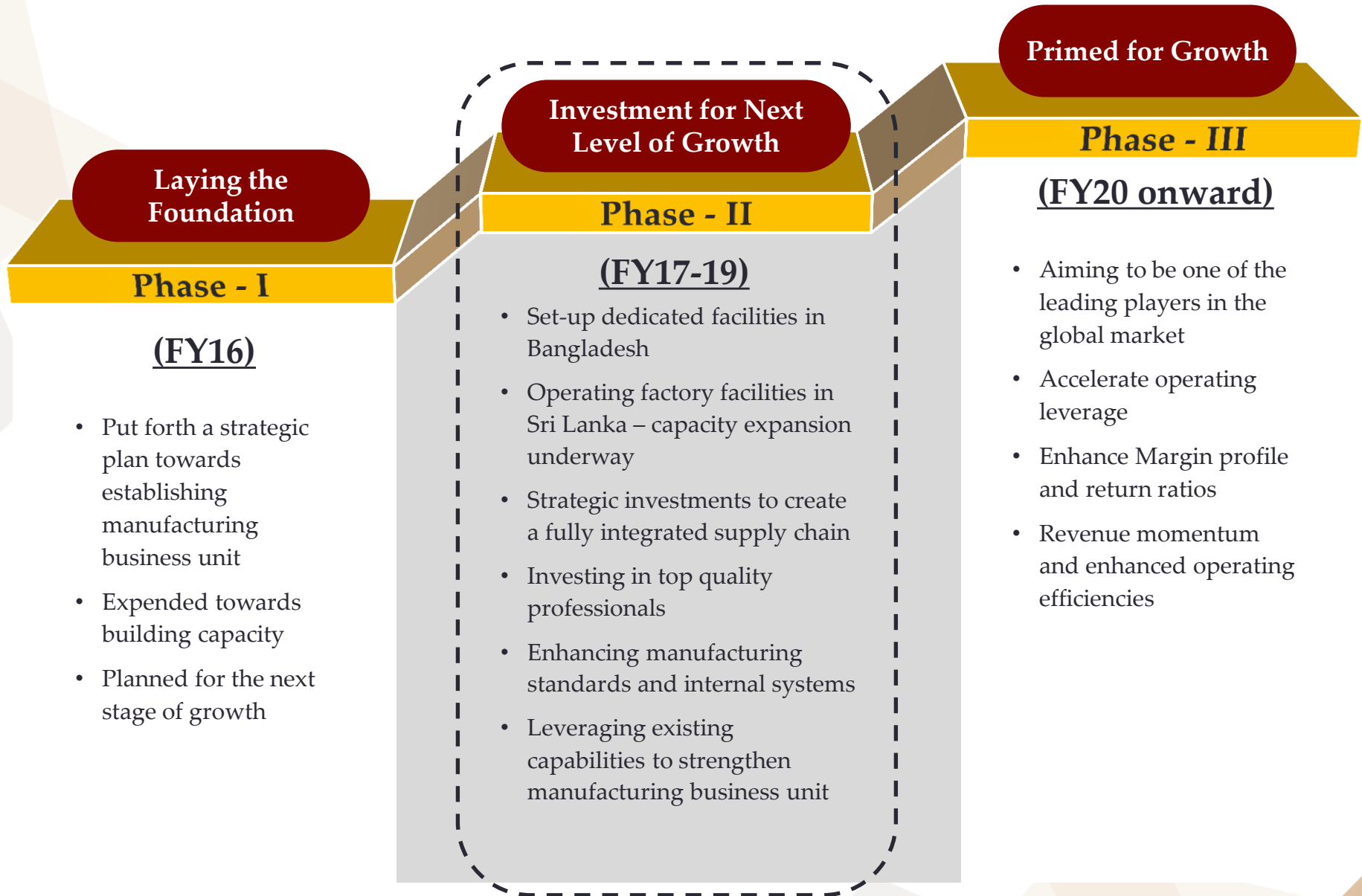
# Business Competencies



**Manufacturing**

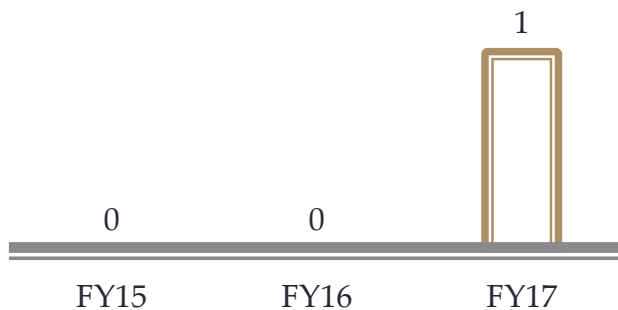
- In FY2017, PDS forayed into its own manufacturing division by establishing two factories in Bangladesh
  - Two state-of-the-art manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts (GSS) Group
- In-house manufacturing adds incremental value at each step of the product development cycle and helps address specific requirements of the customer
- High quality control, in-depth knowledge of the end-to-end process and better operational efficiency enables quicker responses to customer feedback and product layout changes
- Actively pursues virtual manufacturing operations in select regions

# Manufacturing Business – Investing for the Future



# Manufacturing Business – Investing for the Future

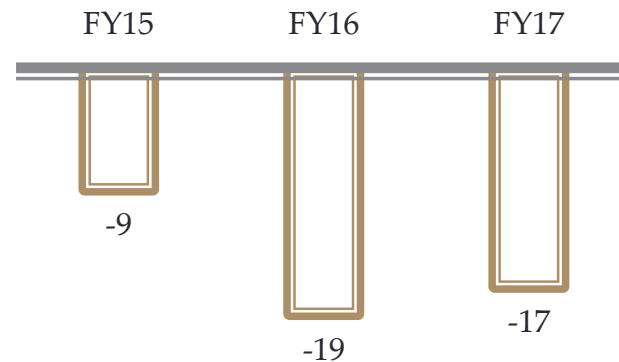
Income from Manufacturing  
(Rs. crore)



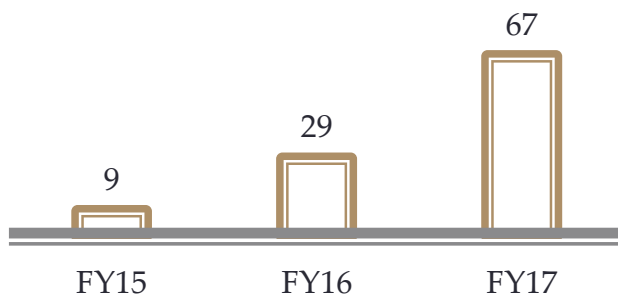
Revenues

-                      -                      4

PAT from Manufacturing  
(Rs. crore)



Capital Employed  
(Rs. crore)



- Higher investment spends to continue, towards transforming PDS into a leading player
- Financial and operating profile to improve significantly resulting in improved ratios and cashflows in the longer term

**Note:**

- Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions
- Calculation for Capital Employed (manufacturing business) : Total Net worth + Short Term borrowings of manufacturing business

# Progress Apparels

1

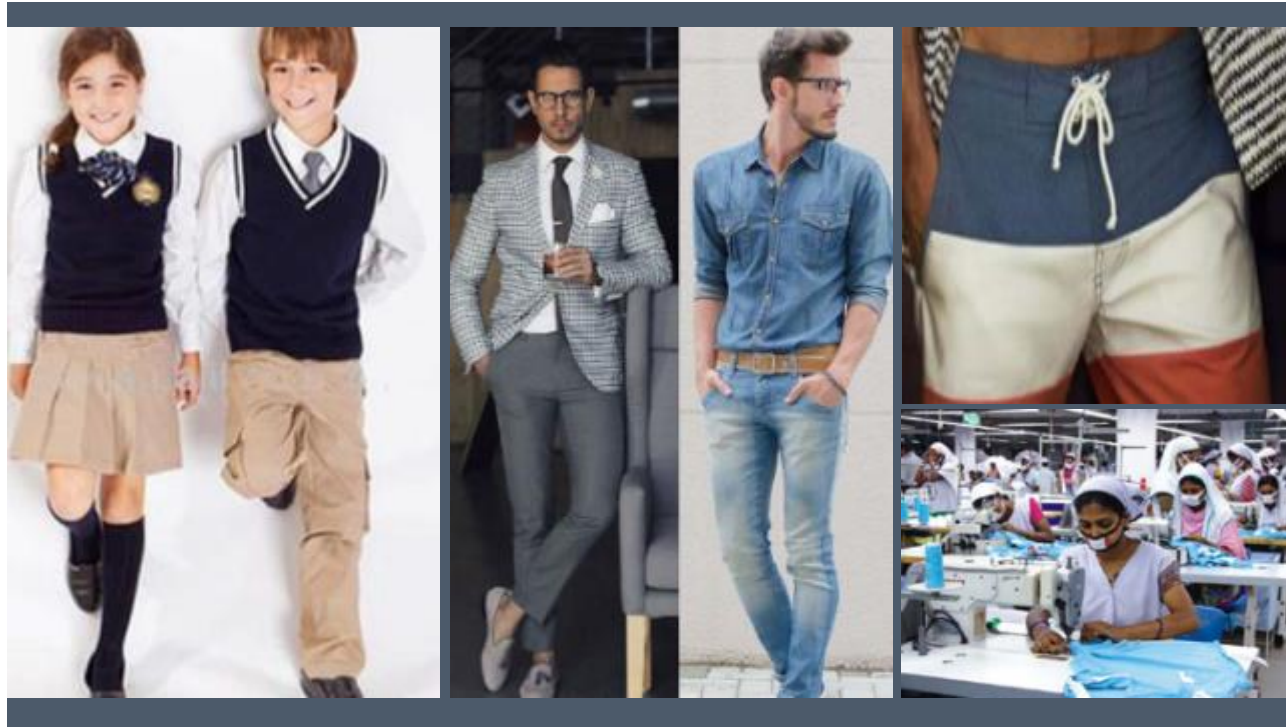
Go live date:

**April  
2017**

2

Number of people  
to be employed:

**~5,000**



3

Production Lines:

**50**

4

Total machines:

**2,500**

5

Production  
Capacity Monthly:

**1.2** million  
units

6

Expansion of  
capacity through  
lean manufacturing  
methods

# Green Smarts Shirts Ltd

1

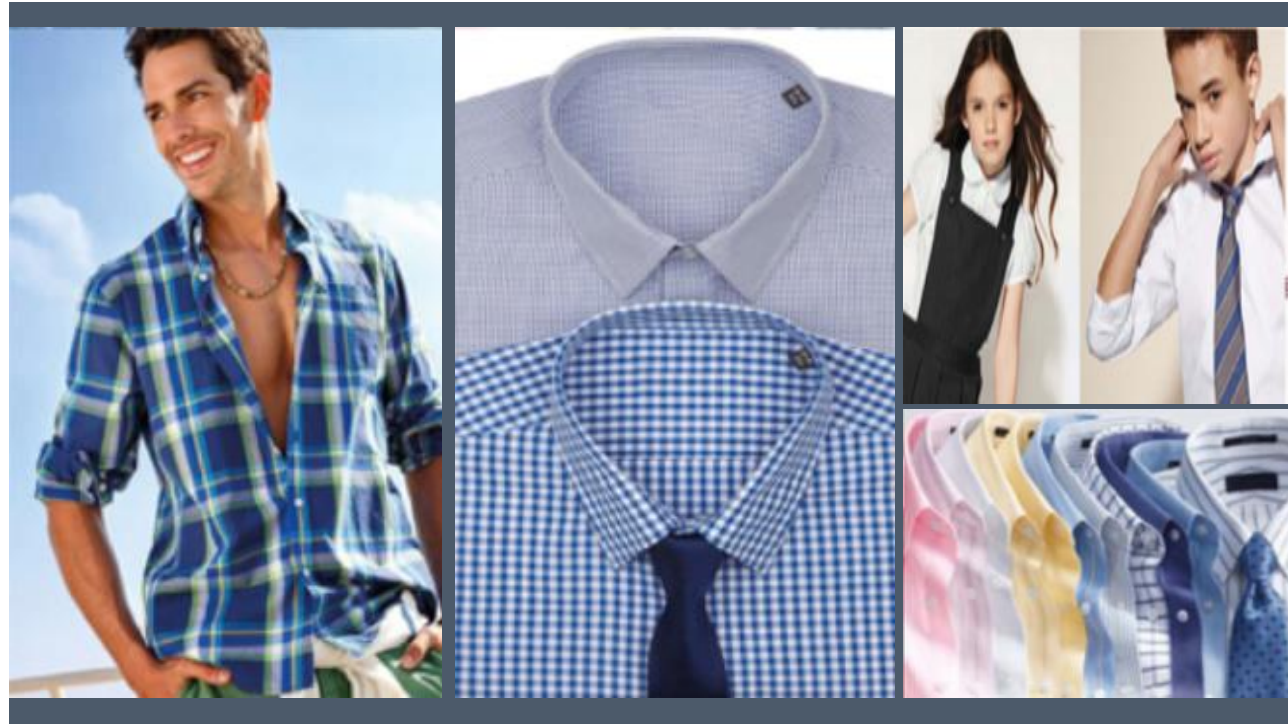
Go live date:

**Jan  
2018**

2

Number of people  
to be employed:

**~3,000**



3

Production Lines:

**30**

4

Total machines:

**1,500**

5

Production  
Capacity Monthly:

**600,000**  
units



# Business Competencies

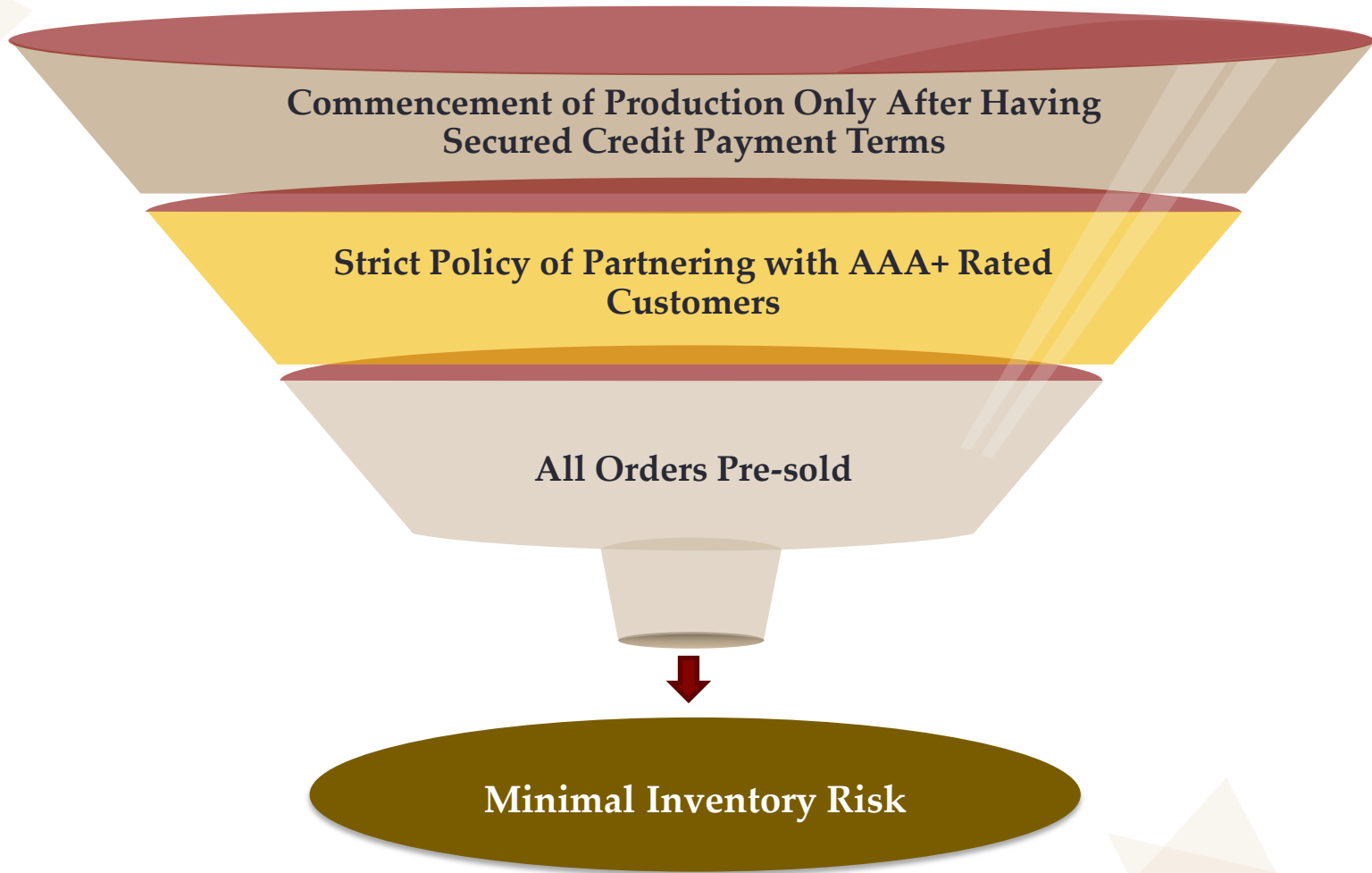


## Social & Ethical Compliance

- Great emphasis on core PDS values - Transparency, Ethics and Social Compliance
- Invested in Navex Global, a leading solution provider of GRC management processes, to ensure highest level of compliance and ethics in the garments industry
- PDS' Code of Conduct is highly stringent
- Senior management at PDS Group immediately alerted to any breaches of the Code of Conduct
- Focus on improving working and environmental conditions for factory employees across all regions
- Rigorous on-going audits ensure vendor partners to be in complete compliance with local social, labor, human rights and environmental standards



# Mitigating Inventory Risk





**WAY FORWARD**

# 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

# Well-balanced Business Model



# Efficient Risk Management

## Business Concentration Risk

- Brexit vote in the UK, key elections in the Euro Area has heightened global uncertainty the Euro region
- PDS has a focused approach towards improving business share from regions such as The Americas, Asia, Australia and Middle East
- Revenues from Europe and UK will continue to expand but the **FOCUS WILL BE ON IMPROVING THE CONTRIBUTION OF OTHER REGIONS**

## Cyclicalilty of Business

- Industry is subject to seasonal demand - sales volumes typically observed to be higher in H2
- A clear spike is observed at the time of late autumn holiday and Christmas shopping season
  - PDS has put forth a better inventory management process, wherein **ALL ORDERS ARE PRESOLD**

## Global Macro-Uncertainty

- Economic growth continues to be fragile due to growing uncertainties and geopolitical risks across advanced and emerging market places
- Uncertainty about worldwide economy leads to consumers and brands postponing their spending
- PDS continues to **CROSS-SELL ACROSS ITS KEY MARKETS** of Asia, Europe, UK, Middle East and the Emerging Markets



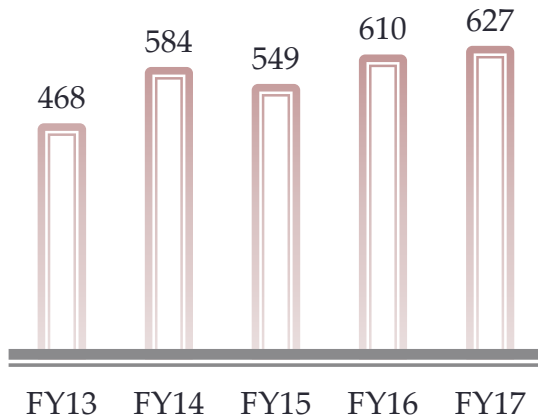


# FINANCIAL HIGHLIGHTS

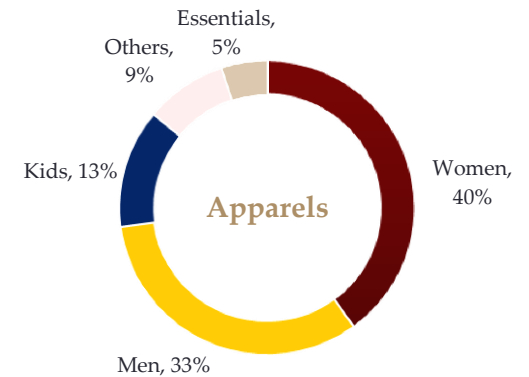
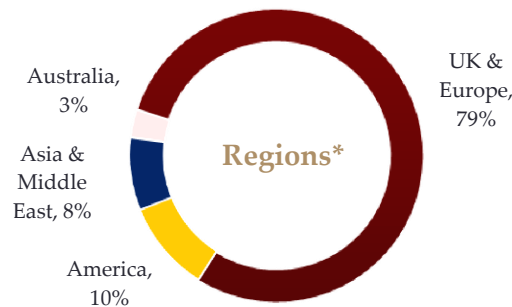
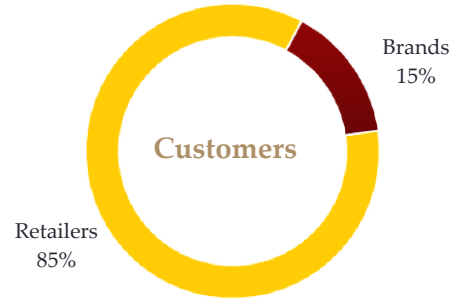


# Financial Track-record - Consolidated

Income (Rs crore)



Revenues	2,994	3,748	3,886	4,308	4,630
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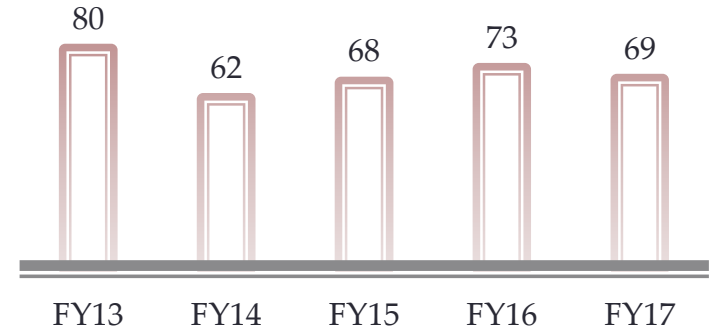
**Note:**

- Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions
- \* - Based on customer Locations
- Pro-forma financial numbers for FY13 and FY14

# Profitability - Consolidated

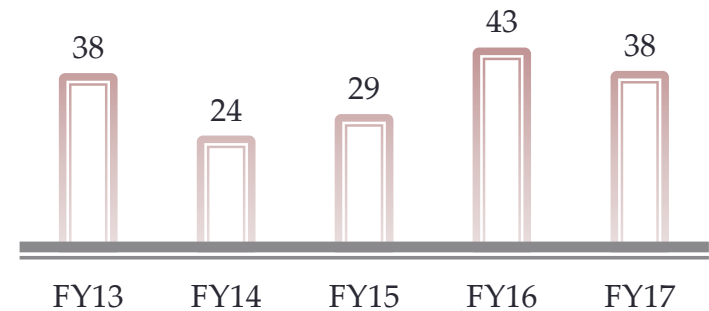
- In FY2017, tough operating environment along with volatility in key markets of Europe and Middle East impacted performance during H2FY17
- Market factors such as Brexit, US dollar strengthening, interest rate hikes resulted in a softer growth during FY17
- Looking forward, with a more agile structure, improving operating competences and an overall enriched business efficiency metrics, the Company is well on its way towards improving profitability in the years to come

## EBITDA (Rs. crore)



EBITDA % on Income	FY13	FY14	FY15	FY16	FY17
	17%	11%	12%	12%	11%

## PAT (Rs. crore)



PAT (%) on Income	FY13	FY14	FY15	FY16	FY17
	8%	4%	5%	7%	6%

### Note:

- *Pro-forma financial numbers for FY13 and FY14*

# Key Financials - Consolidated

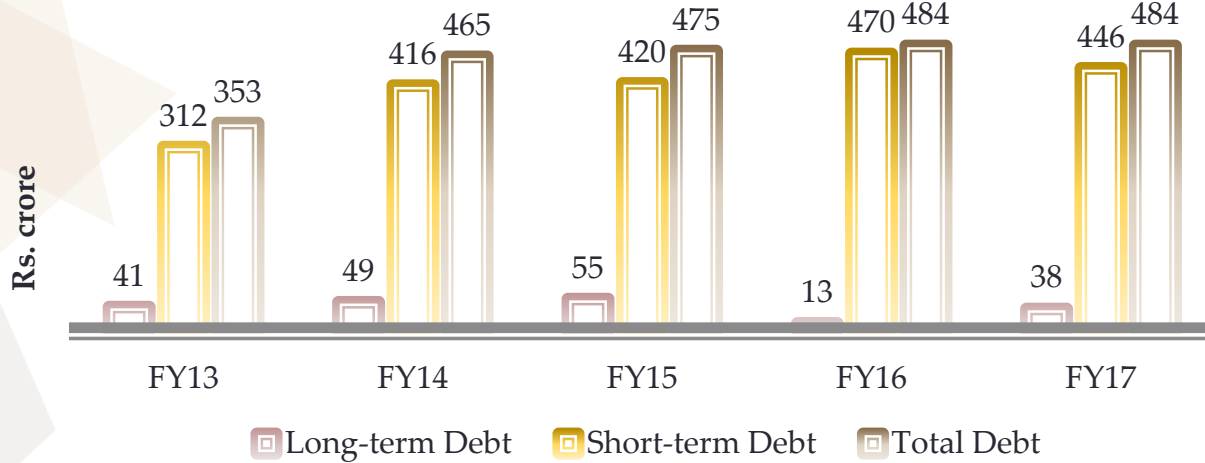
## Most Borrowings for PDS Multinational Fashions are Dollar-Denominated....

### Break-up of Borrowings in FY17

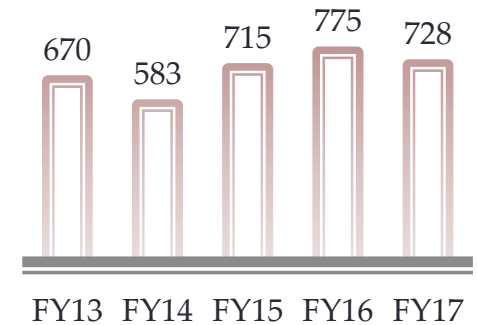
Borrowings	FY17 (USD / INR in 000's)		FY17 (Rs. in 000's)
USD Borrowings	71,325,442	USD to INR →	4,624,741,646
INR Borrowings	213,980,567		213,980,567
<b>Total Borrowings</b>			<b>4,838,722,213</b>

- Lower interest costs linked to LIBOR
- Dollar denominated borrowings repaid through dollar denominated revenues

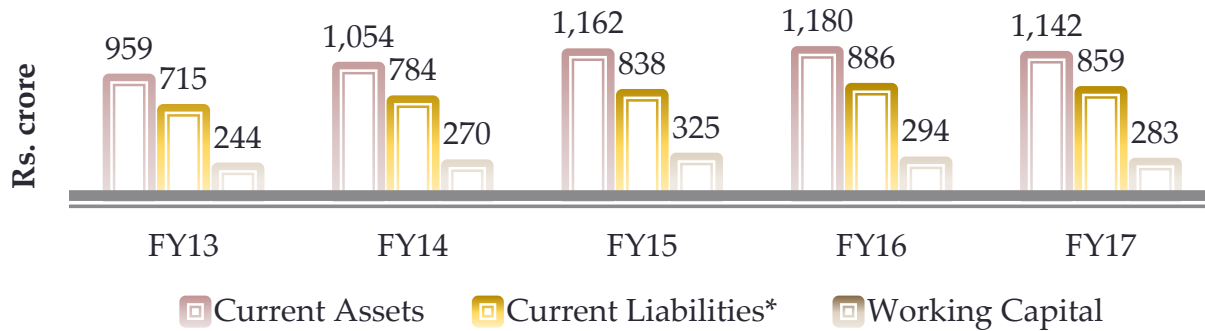
# Key Financials - Consolidated



## Receivables



Receivables consistently higher than short-term/ Working Capital Debt



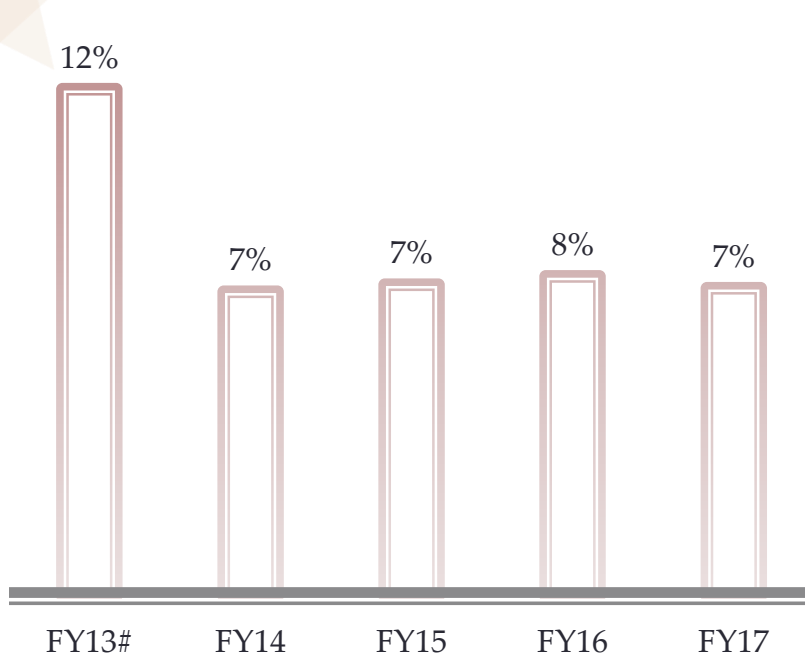
\* - Current Liabilities includes Short-term borrowings

### Note:

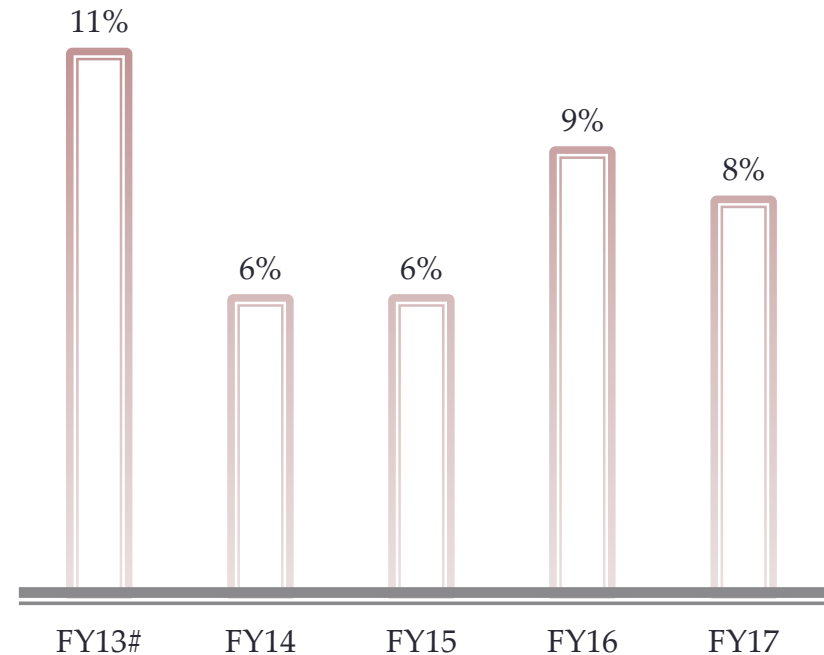
- Pro-forma financial numbers for FY13 and FY14

# Key Ratios - Consolidated

## ROCE (%)



## ROE (%)



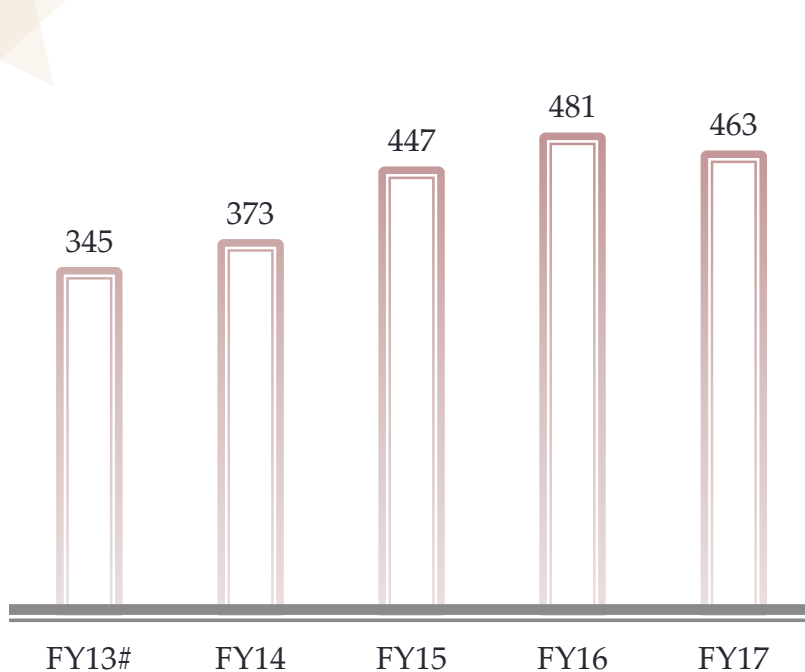
With increased investments in new business segments and weak retail impacting profitability of the overall business, has resulted in lower return on Equity and Capital Employed

### Note:

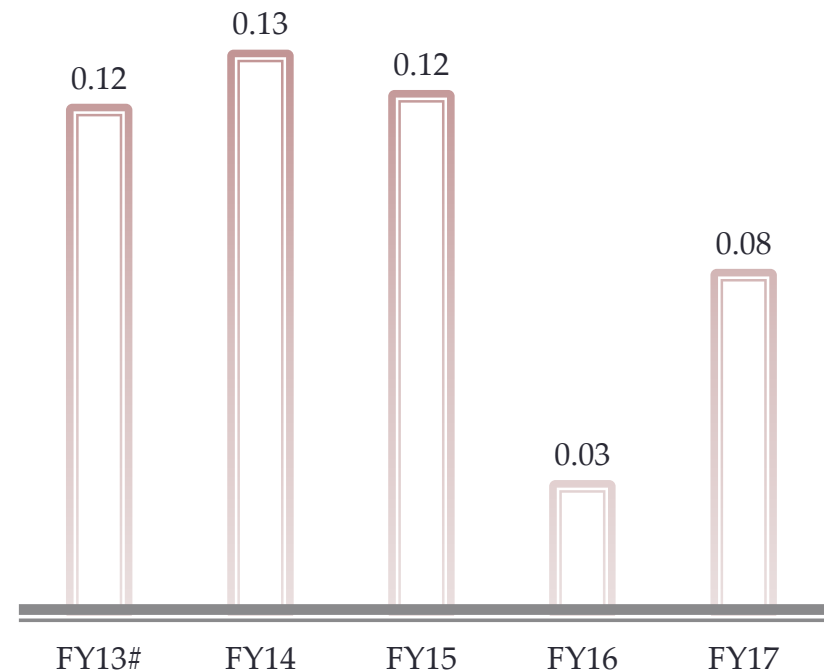
- Calculation for Capital Employed: Networth + short-term borrowings
- Pro-forma financial numbers for FY13 and FY14

# Key Financials - Consolidated

## Net Worth (Rs. Crore)



## Long-term Debt Equity Ratio



### Note:

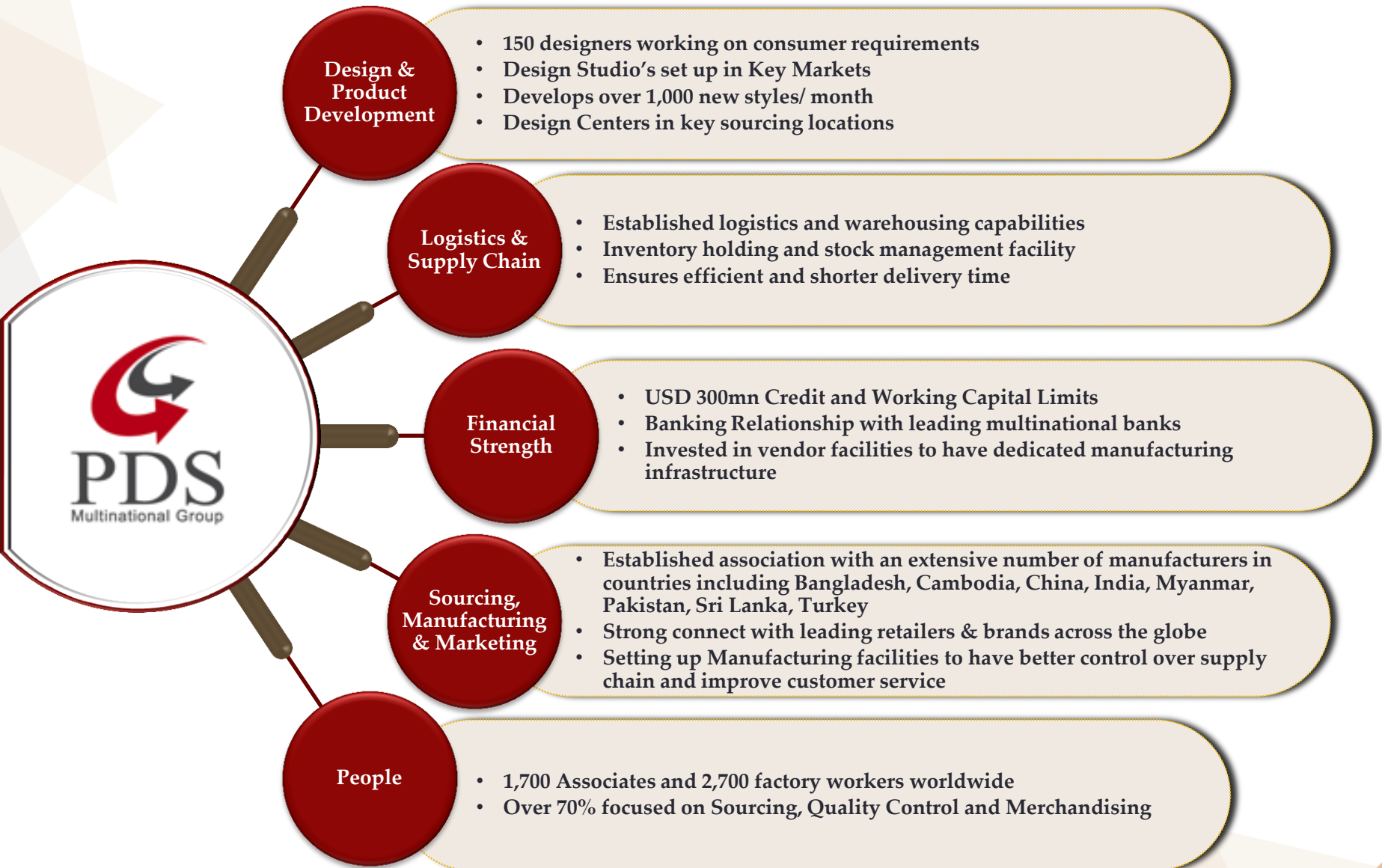
- *Networth includes minority interest*
- *Pro-forma financial numbers for FY13 and FY14*





# SUMMARY

# The PDS Edge





**ANNEXURE**



# Promoter Profiles

## Mr. Deepak Seth

*Group Chairman*

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- 40 years experience in the industry
- Established the Group in 1987
- Active member of the Apparel Export Promotion Council of India
- Held the post of ‘Vice Chairman’ of the Eastern Region of AEPC for 2 years
- Executive member of the Apparel Exporters & Manufacturers Association (AEMA)
- Launched the Pearl Fashion Academy, which today is ranked amongst the best fashion academies in the private sector

## Mr. Pallak Seth

*Vice Chairman*

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- Heads PDS Multinational Group’s strategy and development initiatives
- Founded PDS Multinational in 1999 with the establishment of Norwest Industries Ltd. in Hong Kong
- Opened sales and sourcing offices around the world
- Under his leadership, PDS Multinational Group has grown rapidly since inception

## Mrs. Payel Seth

*Managing Director*

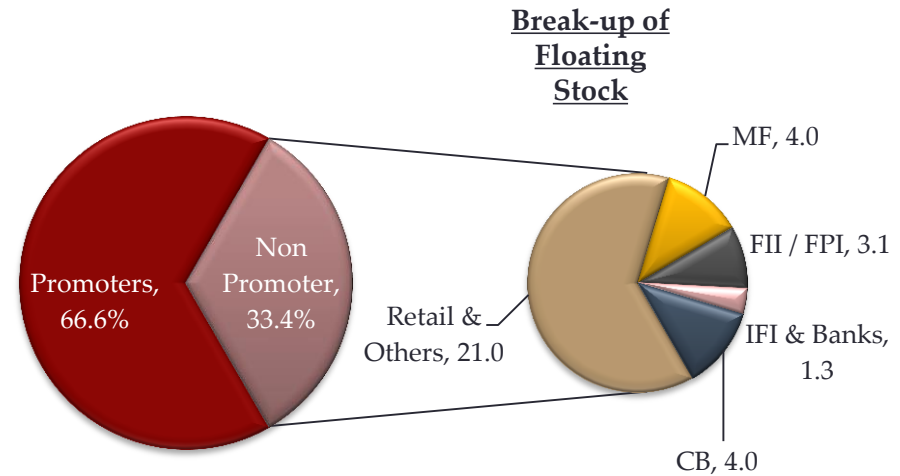
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- Associate with the group as a Promoter Director since incorporation
- Rich experience in designing and retailing in Indian and western Garments, Jewellery and Accessories
- Entrepreneurial by nature and has utilized her skills in field of Designing, General Management, Sales and Marketing/Business Development and Change Management for development of the organization
- Undertook retail initiative, which includes the establishment of a retail stores in India
- Actively involved in the education and Corporate Social Responsibility (CSR) initiatives of the Group
- Graduated from the Pearl Academy of Fashion in July 1996

# Key Market Statistics

Key Market Statistics	As on September 29, 2017
BSE/NSE Ticker	538730 / PDSMFL
Industry	Textiles
CMP (Rs.)	258.85
Market Cap (Rs. Crore)	674.2
Number of outstanding shares (Crore)	2.60
Face Value	10.00
52-week High / Low (Rs.)	260.80 / 144.85

## Shareholding as on September 29, 2017



### Top Institutional Shareholders (more than 1%)

**Reliance Capital**

**Life Insurance Corporation Of India**

**Lts Investment Fund**

**Premier Investment Fund**

# 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](http://www.pdsmultinational.com)

### For further information, please contact:

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**THANK YOU**