

PDS Multinational Fashions Limited



PDS/SE/2016-17/15

August 19, 2016

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 Q1 OF FINANCIAL YEAR 2016-17.

Dear Sir / Madam,

Please find attached herewith the financial update for Investors for the Quarter Ended 30th June, 2016 for 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**

A handwritten signature in black ink, appearing to read 'Chandra Kishor Jha', written over a horizontal line.

[Chandra Kishor Jha]
Company Secretary



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 Q1 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

4,308

REVENUES STOOD AT

RS. CRORE IN FY16

610

INCOME STOOD AT

RS. CRORE IN FY16

0.03

LONG-TERM DEBT / EQUITY RATIO

1,000

OPERATES

MACHINES IN FACTORIES

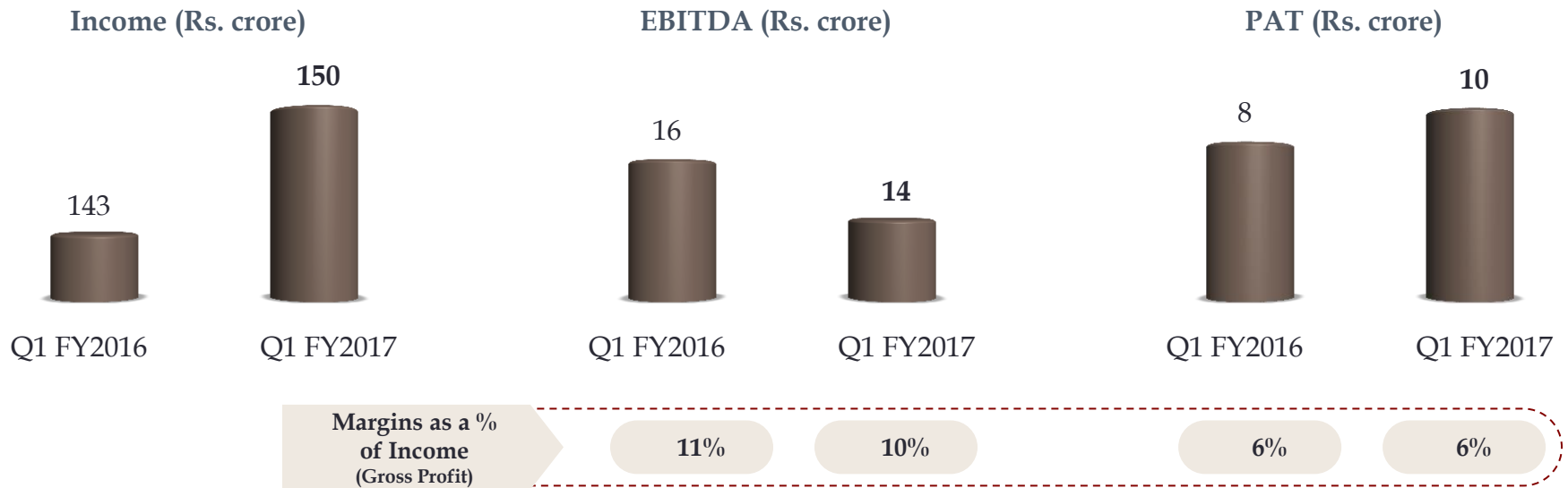
57

CUSTOMERS ADDED IN THE LAST 24 MONTHS

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

Q1 FY17 – Performance Highlights

Despite Macro-uncertainty, Company Delivers Healthy Set Of Results



- Income stood at Rs. 150 crore during Q1 FY17, registering an increase of 4% Y-o-Y
- EBITDA at Rs. 14 crore, translating into EBITDA margin of 10%
- PAT marked a significant improvement at 21% Y-o-Y, further translating into margins at 6%
- EPS solid at Rs. 2.56

Note:

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

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

- Progress Group and GSS Group structured to conduct business as per customer requirements either directly from Bangladesh or Hong Kong
- Progress Group was allotted 172,000 Sq. ft of land at Ishwardi by BEPZA, Bangladesh to set up a garment manufacturing unit (Casual jackets and Knits)
- Progress Group was also allotted a ready manufacturing building of 135,000 sq ft at Adamjee to house a woven bottoms facility with 12 lines and 600 machines
- GSS Group will be setting up a shirts manufacturing unit across 6 acres land with ~24 lines & 1200 machines in the 1st phase

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

- Development center will be set up in India, teams to work on a cloud-based HRM solution & application for SMBs

Abridged Profit & Loss Statement - Consolidated

Rs. crore

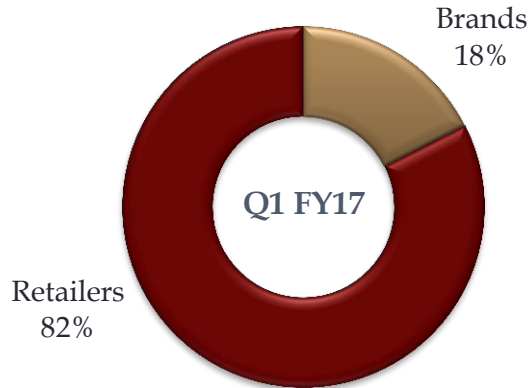
Particulars	Q1 FY16	Q1 FY17
Total Income	975.70	1,017.26
Material Cost		
- Purchases of Stock-in-Trade	790.66	829.68
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	41.69	37.80

Line No.	Particulars	Q1 FY16	Q1 FY17
1	Income (Gross Profit)	143.35	149.78
	Employee Expenses	58.80	66.84
	Other Expenses	68.30	68.49
2	EBITDA	16.25	14.45
	<i>EBITDA Margin (2/1) (%)</i>	<i>11.34%</i>	<i>9.65%</i>
	Depreciation	3.60	3.20
	Finance Cost	4.06	3.21
	Profit Before Tax	8.60	8.04
	Tax Expenses	0.63	(1.60)
3	Profit After Tax	7.96	9.64
	<i>PAT Margin (3/1) (%)</i>	<i>5.56%</i>	<i>6.44%</i>

Note:

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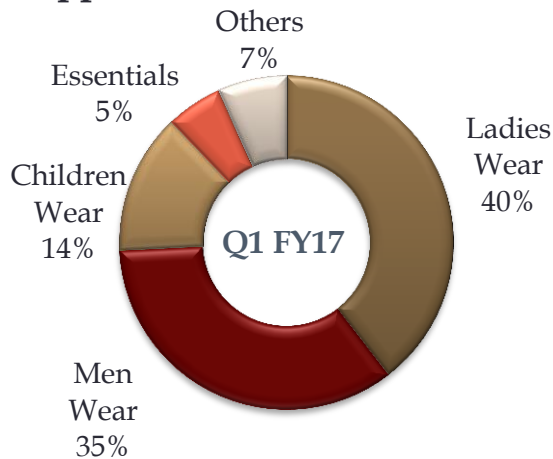
Customer-wise Revenue Break-up



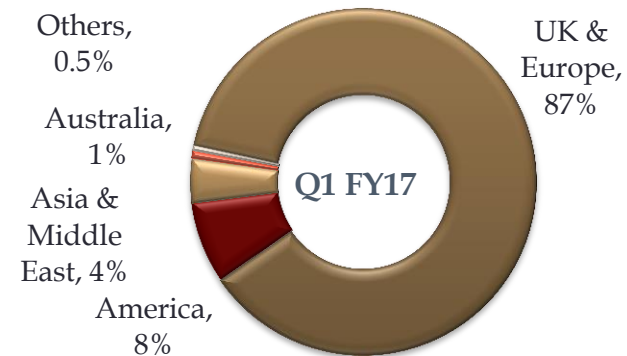
Product-wise Revenue Break-up



Apparel-wise Revenue Break-up



Region-wise Revenue Breakup *



Note: * Based on customer locations, reclassified wherever necessary

Customer Profile*

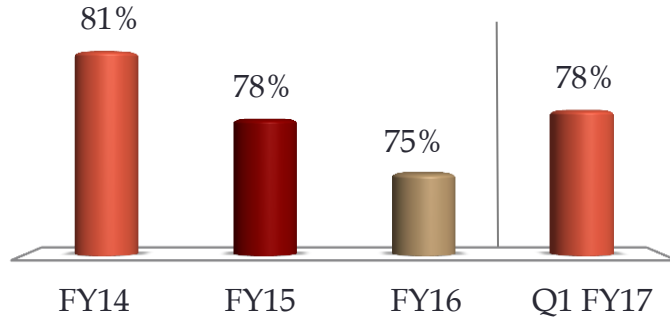


Customer-centric organization

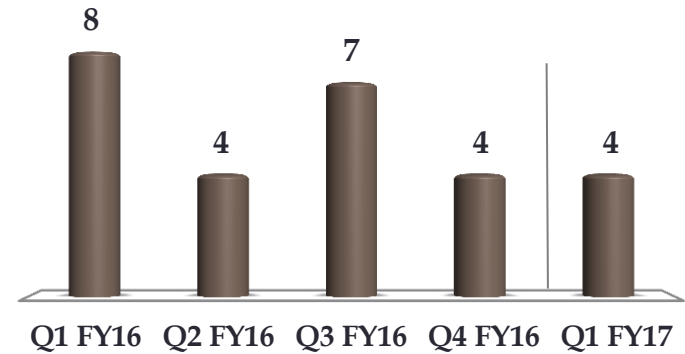
Customer base of 190+ Global Leading Retailers and Brands

Long-term relationships with 25 brands

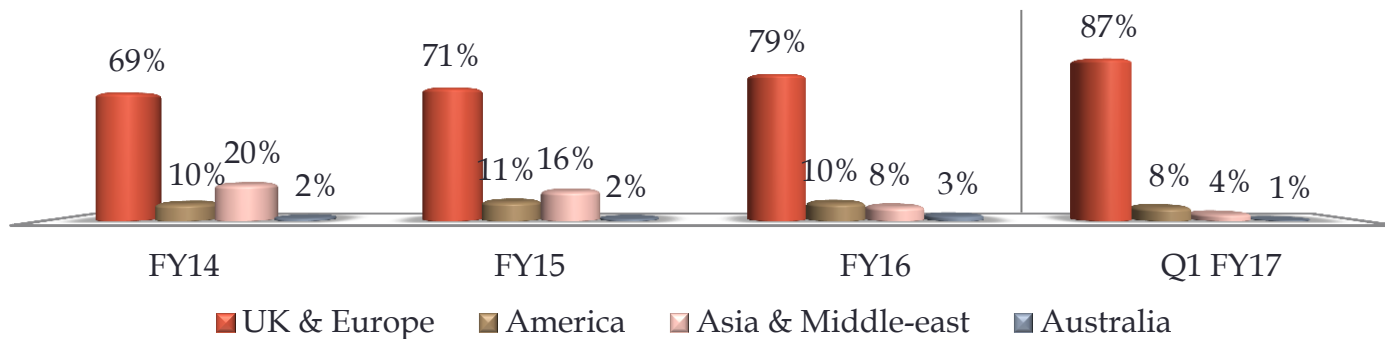
Revenue Contribution from Top 15 customers



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,

“Q1 FY17 marks an encouraging start to the fiscal 2017 with continued traction in profitability and further progress on strategic initiatives. Financial performance during the quarter saw a healthy improvement, driven by solid progress across the established and growth business segments. Despite the broader market challenges, the Company’s business momentum remained strong with new customer additions coupled with gains from existing reference base. The versatility of our business offerings together with PDS’ strong compliance policy has translated into a high retention rate of existing customers.

In-sync with the One-Stop-Shop business model strategy, the Company has also made further inroads in the manufacturing segment during the quarter. We believe, our unwavering focus towards gaining foothold in key markets, solidifying manufacturing capabilities and a concrete approach towards brand building activities will help bolster long-term business prospects. Overall, we remain comforted by a strong visibility of business and will continue to focus on further scalability of our business model, while also improving outreach to newer clients and geographies.

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

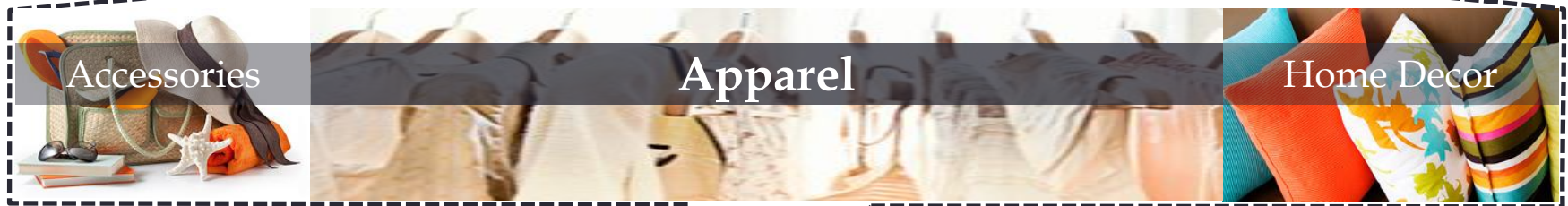
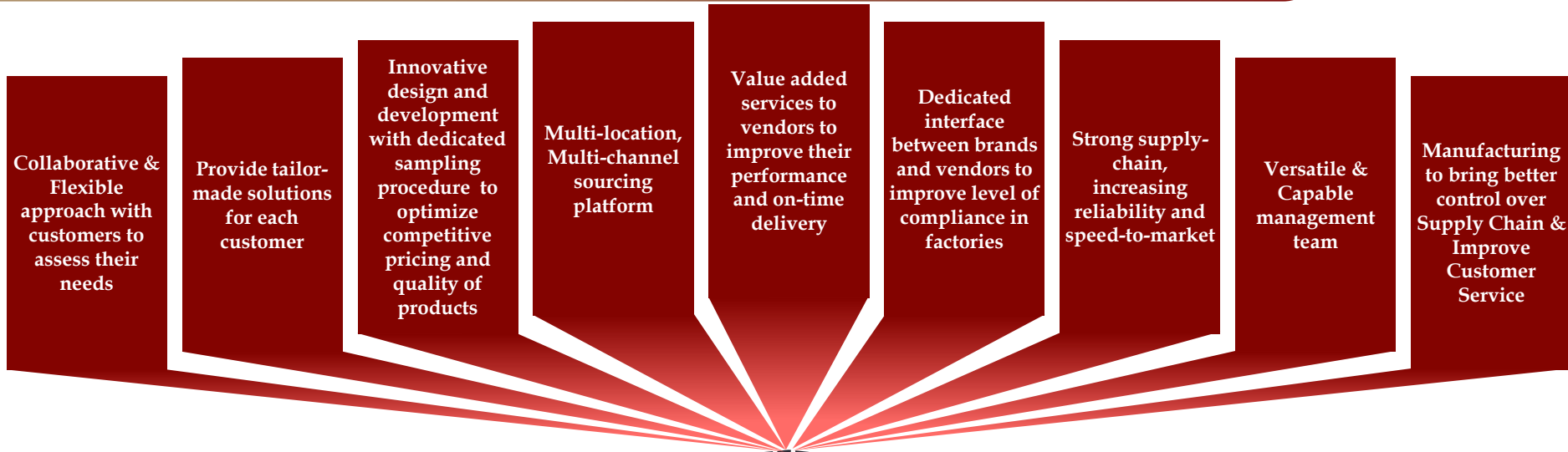
- **Design-driven Company**
- **Over 150 in-house designers**
- **Develops over 1,000 new styles every month**
- **Produces over 10,000 samples every month**

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 will be setting up Manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts(GSS) Group**
- **Sri Lanka facilities have been restructured**
 - **Company, currently, operates 2 factories with 1000 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 term growth
- New dedicated facilities to be set-up in Bangladesh under Progress Group and Green Smart Shirts(GSS) Group
 - Land measuring 1,72,000 sq. ft allocated by Ishwardhi BEPZA to Progress Group
 - Progress Group also allotted a ready manufacturing-building of 135,000 sft at Adamjee
 - GSS Group setting up a shirts manufacturing unit on a 6 acres land



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
- 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

PDS Multinational Fashions 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 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 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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Thank You