

PDS Multinational Fashions Limited



PDS/SE/2017-18/27

20th December, 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 Half Year Ended 30.09.2017

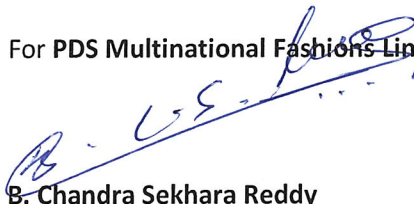
Dear Sir/Madam,

Please find attached herewith the Investor Presentation for the Quarter and Half Year ended 30th September, 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

Q2 & H1 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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Q2 & H1 FY18

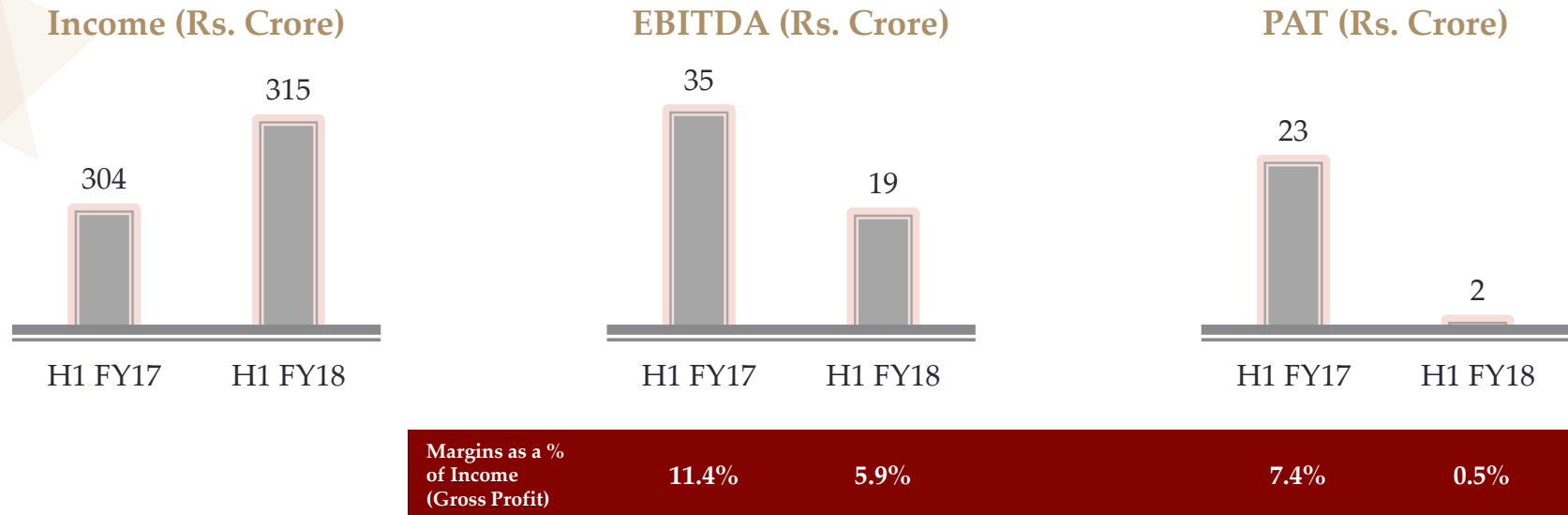
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H1 FY18 – Performance Highlights

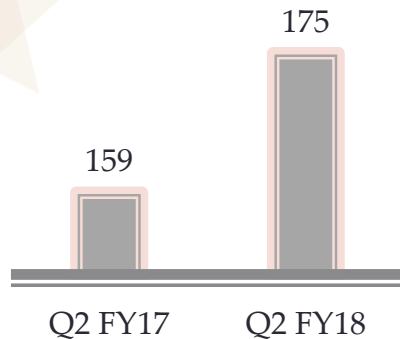


- Revenues(incl. other income) stood at Rs. 2,288 crore as against Rs. 2,215 crore, up by 3% Y-o-Y
- Income steady at Rs. 315 crore, higher by 3% Y-o-Y
- EBITDA at Rs. 19 crore, translating to 6% of income
- Strategic investments towards establishing manufacturing initiative, which is a key area of focus for the Company, resulted in lower profitability during the period

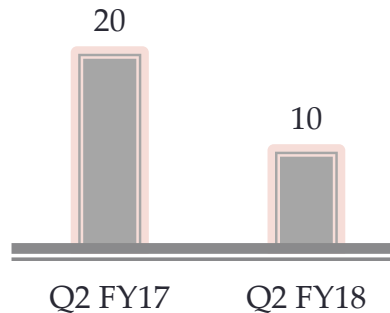
Note: Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

Q2 FY18 – Performance Highlights

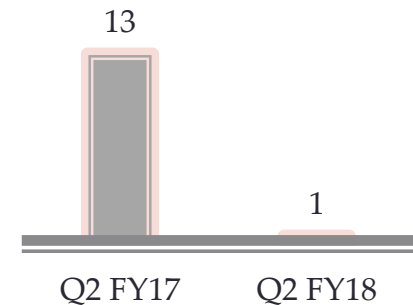
Income (Rs. Crore)



EBITDA (Rs. Crore)



PAT (Rs. Crore)



Margins as a %
of Income
(Gross Profit)

12.7%

5.9%

8.1%

0.3%

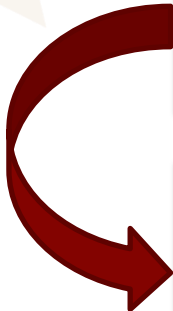
- Revenues (incl. other income) stood at Rs. 1,246 crore as against Rs. 1,198 crore, higher by 4% Y-o-Y
- Income grew by 10% Y-o-Y to Rs. 175 crore
- Healthy operations in key markets supported by new client wins
- EBITDA at Rs. 10 crore, translating into 6% of income
- Strategic investments towards establishing manufacturing initiative, which is a key area of focus for the Company, resulted in lower profitability during the period

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

Abridged Profit & Loss Statement – Consolidated

Rs. crore

Particulars	Q2 FY17	Q2 FY18		H1 FY17	H1 FY18
Revenues (incl. other income)	1,197.8	1,245.9		2,215.1	2,287.9
Material Cost					
- Purchases of Stock-in-Trade	1,032.8	1,054.9		1,906.4	1,961.4
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	0.1	6.5		(6.1)	(3.5)



	Particulars	Q2 FY17	Q2 FY18		H1 FY17	H1 FY18
1	Income (Gross Profit)	159.4	174.7		304.5	314.9
	Employee Expenses	63.8	78.2		130.6	148.3
	Other Expenses	80.9	95.9		149.4	163.0
2	EBITDA	20.3	10.3		34.8	18.7
	<i>EBITDA Margin (2/1) (%)</i>	<i>12.7%</i>	<i>5.9%</i>		<i>11.4%</i>	<i>5.9%</i>
	Depreciation	3.2	4.5		6.4	8.3
	Finance Cost	3.4	4.5		6.6	8.2
	Profit Before Tax	13.8	1.4		21.8	2.2
	Tax Expenses	0.8	0.8		(0.8)	0.5
3	Profit After Tax	13.0	0.6		22.6	1.6
	<i>PAT Margin (3/1) (%)</i>	<i>8.1%</i>	<i>0.3%</i>		<i>7.4%</i>	<i>0.5%</i>

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

- The Company has adopted Ind-AS reporting from Q1FY18 onwards.
- There has been no significant impact on financials due to Ind-As adoption

Q2 & H1 2018 Financial and Operational Discussions (Y-o-Y)

Income during H1 FY18 stood at Rs. 315 crore, registering an increase of 3% Y-o-Y; Q2 FY18 Income higher by 10% to Rs. 175 crore

- Despite a challenging macro-environment, the Company registered growth during the period led by an uptick in demand in the key markets of UK and Europe
- Established business saw a steady growth trend, driven by a combination of enhanced manufacturing capabilities, expanding reach to newer suppliers and a solid reference base
- Customer additions during the quarter stood at 4; H1 FY18 – customer additions were at 8

EBITDA stood at Rs. 19 crore in H1 FY18 - EBITDA at 6% of income ; EBITDA in Q2 FY18 at Rs. 10 crore

- Strategic investments towards establishing manufacturing business operations impacted profitability performance during the period under review
- The Company's focus on augmenting its 'own manufacturing' venture remains on track
- Increasing contribution from manufacturing and higher focus towards cost optimization should enable healthy profitability performance in future years

PAT stood at Rs. 2 crore in H1 FY18 ; PAT at Rs. 1 crore in Q2 FY18

Balance Sheet – Consolidated

ASSETS	CONSOLIDATED
Particulars (Rs. Crore)	As at 30th September 2017
ASSETS	
Non-current assets	
Property plant and equipment	43.4
Investment Property	151.3
Intangible assets	47.8
Capital work-in-progress	40.8
Financial assets	
(a) Investments	70.5
(b) Loans	1.7
(c) Other financial assets	0.0
Deferred tax assets	0.7
Other non-current assets	8.8
Total Non-current assets	364.9
Current assets	
Inventories	43.2
Financial assets:	
(a) Investments	13.0
(b) Trade receivables	637.8
(c) Cash and cash equivalents	251.0
(d) Other Bank balances	0.1
(e) Loans & advances	22.3
(f) Other financial assets	62.4
Current Tax assets (net)	0.0
Other current assets	59.4
Total Current assets	1,089.2
TOTAL - ASSETS	1,454.0

EQUITY AND LIABILITIES	CONSOLIDATED
Particulars (Rs. Crore)	As at 30th September 2017
EQUITY AND LIABILITIES	
(a) Equity share capital	26.0
(b) Other equity	439.6
Total Equity (equity attributable to owners of the Company)	465.7
Non-controlling Interest	64.5
Total Equity	530.2
Non-current liabilities	
Financial liabilities:	
(a) Borrowings	63.9
(c) Other financial liabilities	-
Provisions	0.8
Deferred tax liabilities (net)	-
Other non current liabilities	0.4
Total Non-current liabilities	65.0
Current liabilities	
Financial liabilities:	
(a) Borrowings	502.9
(b) Trade payables	283.9
(c) Other financial liabilities	5.6
Provisions	0.0
Other current liabilities	42.8
Current tax liabilities (net)	23.6
Total Current liabilities	858.8
TOTAL - EQUITY AND LIABILITIES	1,454.0

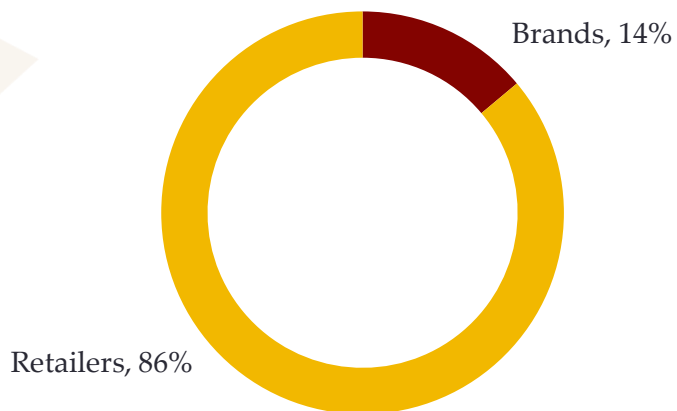
Q2 & H1 2018 Financial and Operational Discussions (Y-o-Y)

Balance sheet position as on September 30, 2017

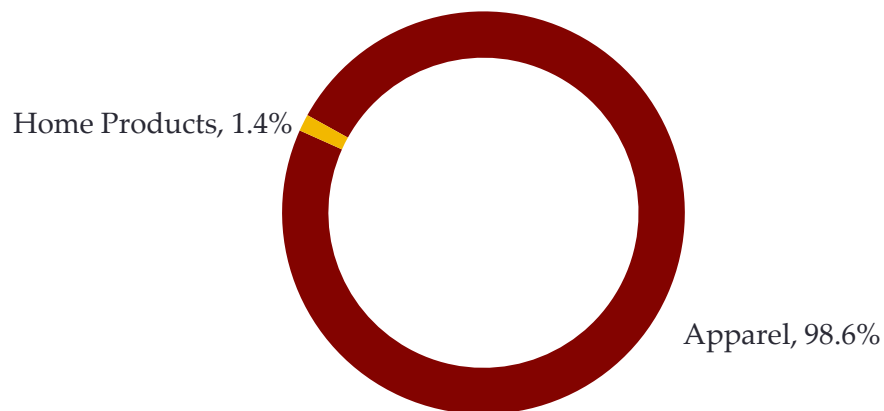
- Improved cash position at Rs. 251 crore
- Total debt stood at Rs. 567 crore, with long-term debt at Rs. 64 crore and short-term debt at Rs. 503 crore
- The receivables position stood at Rs. 638 crore
- Long-term debt-to-equity position healthy at 0.12

Key Metrics – Q2 FY18

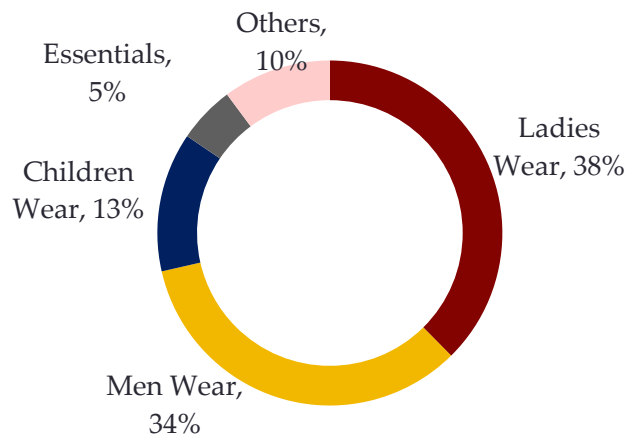
Customer-wise Revenue Break-up



Product-wise Revenue Break-up

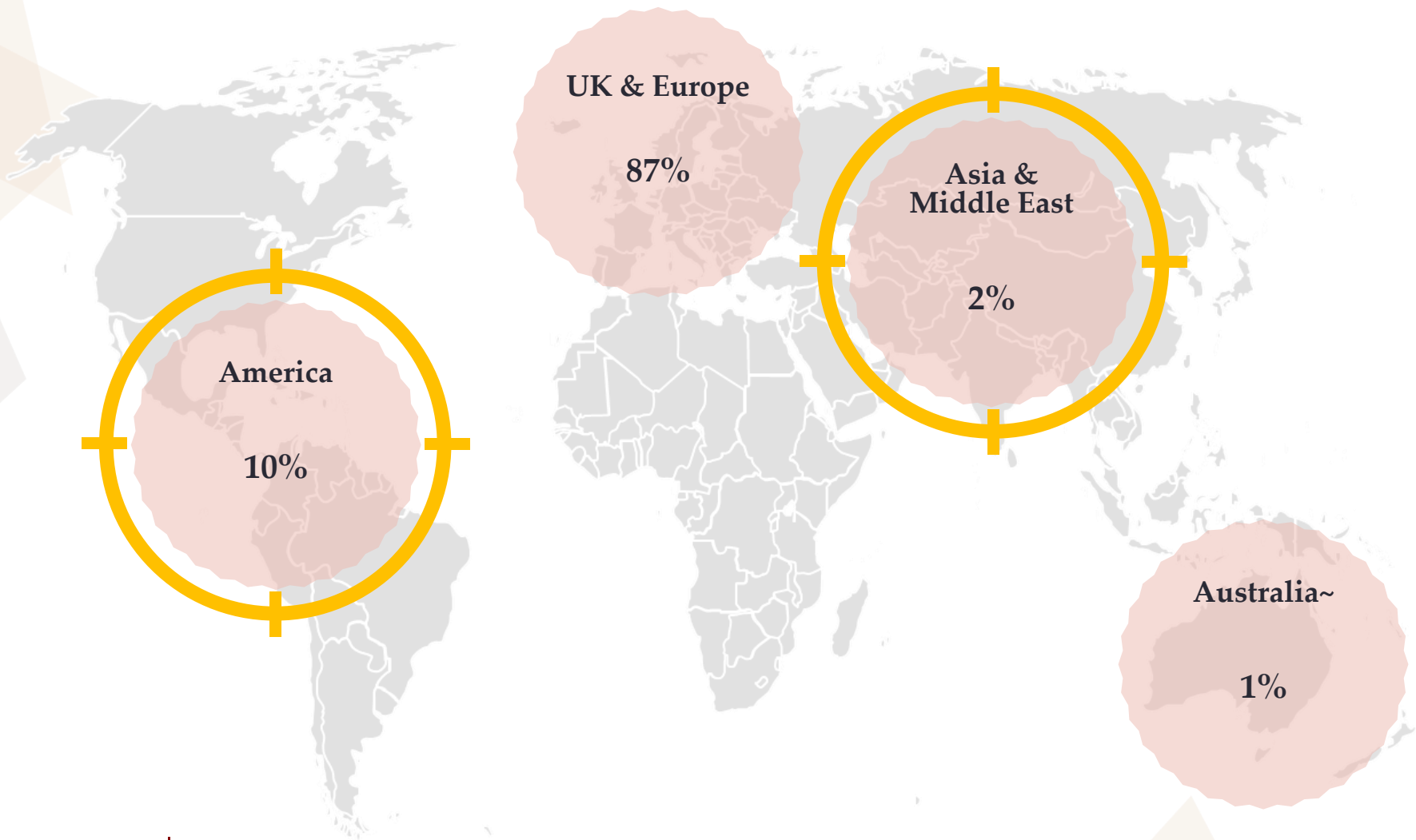


Apparel-wise Revenue Break-up



Note: * Based on customer locations, reclassified wherever necessary

Customer Profile as on September 30, 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,

“In the backdrop of continued macro-uncertainty and a weak retail environment, we have maintained a stable performance for the period ending September 2017. Our income during the quarter grew by 10%, reflecting a healthy business momentum across established and growth verticals. On the operational front, our sourcing business continues to lead growth, with improved operating competences and stronger presence across geographies. Despite ongoing pricing pressures across markets, the business recorded gains in UK, Europe and Asia during the period under review.

As we look ahead, we will be focusing on fortifying our market share and delivering improved performance. Additionally, scaling up our manufacturing venture is a key area of focus for us and we look forward to robust contribution from the manufacturing segment, going ahead. As the factories gear up for launches, the Company hopes to improve both the brand connect and the level of financials in the years ahead.”

Company Statistics

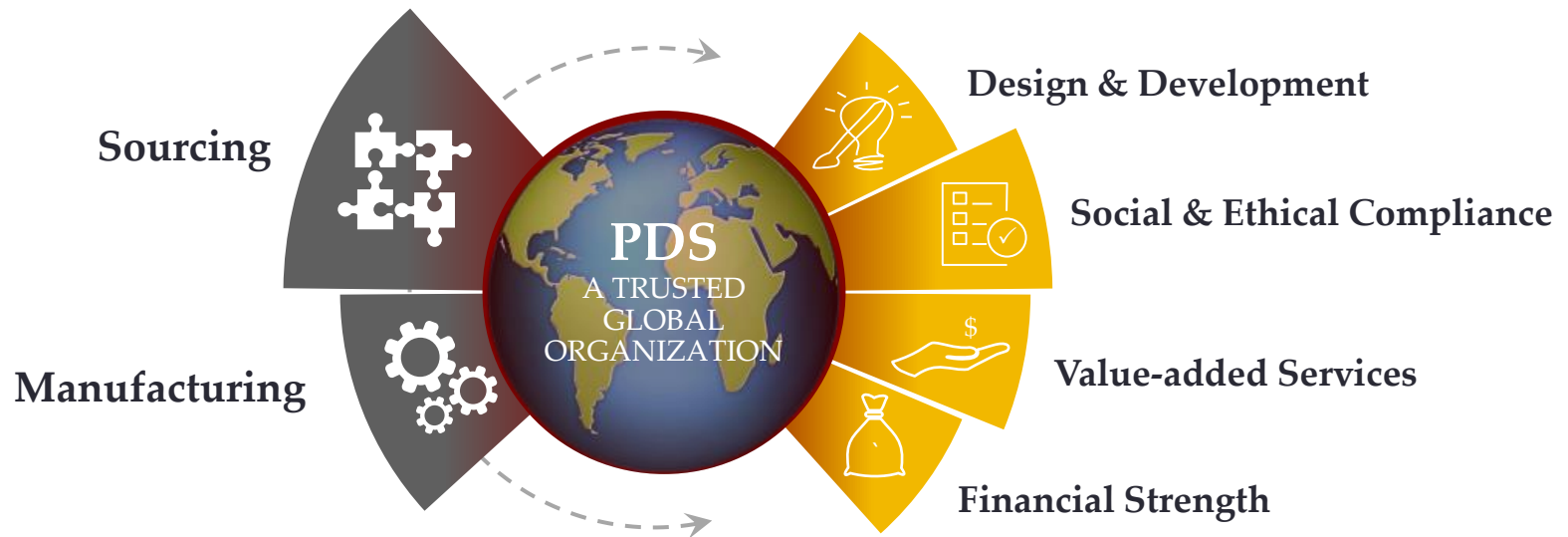
One of the leading global organizations - strategic manufacturing partner to major brands and retailers

- » **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 
- » **0.12** Long-term debt/equity ratio as on September 2017 
- » Operates **2** factories in Bangladesh and **1** factory in Sri Lanka 
- » **16** Customers added in the last 12 months 

Note:

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Global Fashion Manufacturing and Sourcing Business

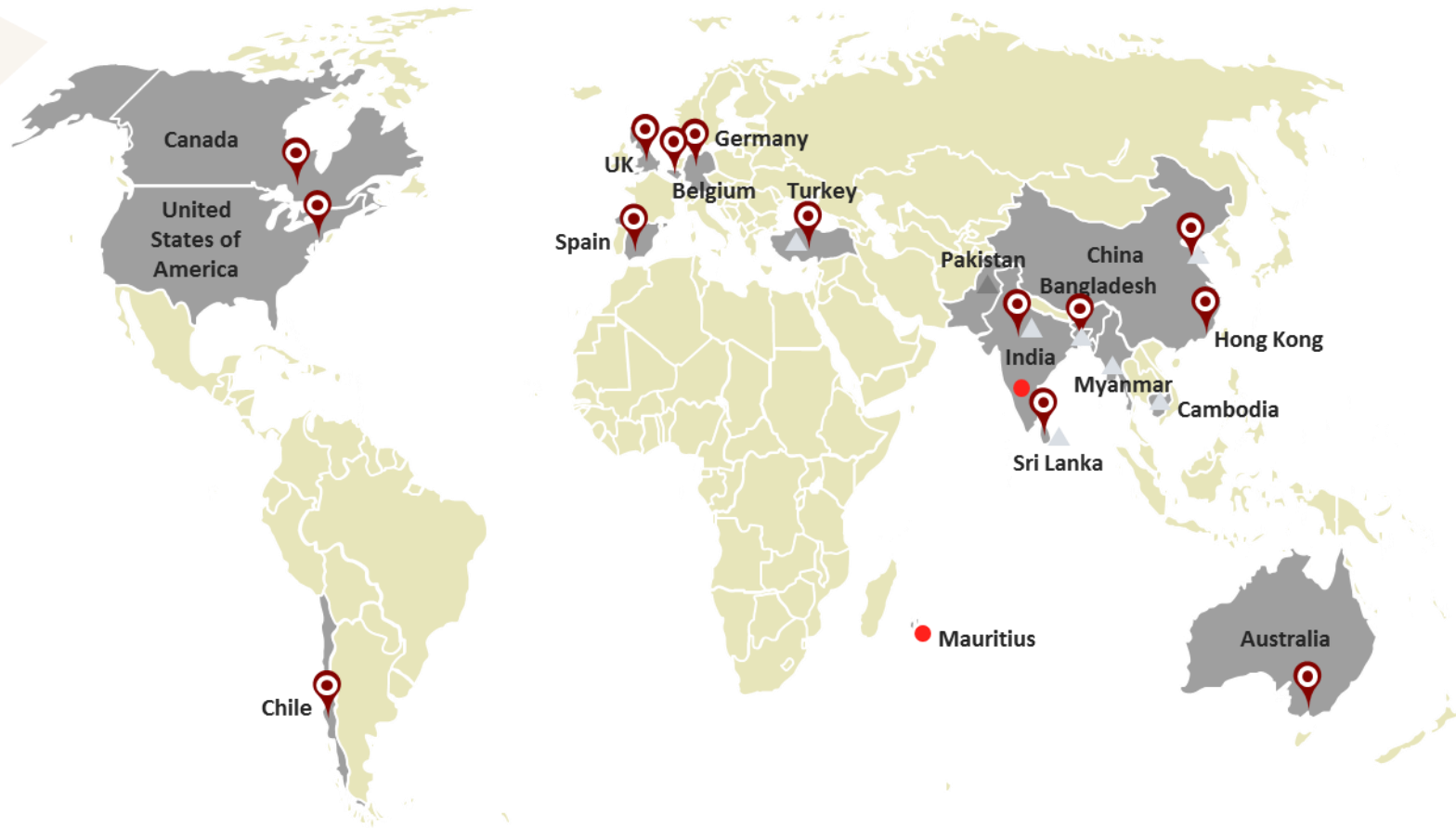


Company works with ~200 partner factories to deliver more than 1 million units a day across a massive retail customer base

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

~40%
Cash & Bank Balances / Market Cap*

10x
Growth in Retailer & Brands Base

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 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