

PDS/SE/2018-19/20

28th September, 2018

The General Manager,
Corporate Service Department
BSE Limited
P. J Tower, Dalal Street, Fort,
Mumbai-400001

The General Manager,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai-400051.

Scrip Code/ID: BSE: 538730;

NSE: PDSMFL

SUB: Investor Presentation for Year Ended 31.03.2018

Dear Sir / Madam,

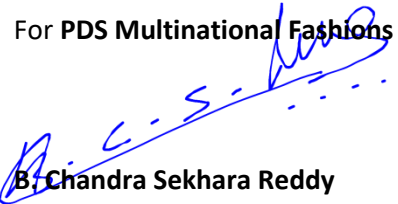
Please find attached herewith the Investor Presentation the Year ended 31st March, 2018 for the financial update to Investors of the PDS Multinational Fashions Limited.

You are requested to please update the same and obliged.

Thanking You,

Yours Faithfully,

For **PDS Multinational Fashions Limited**


B. Chandra Sekhara Reddy
Company Secretary & Head-Legal



Encl.: a/a

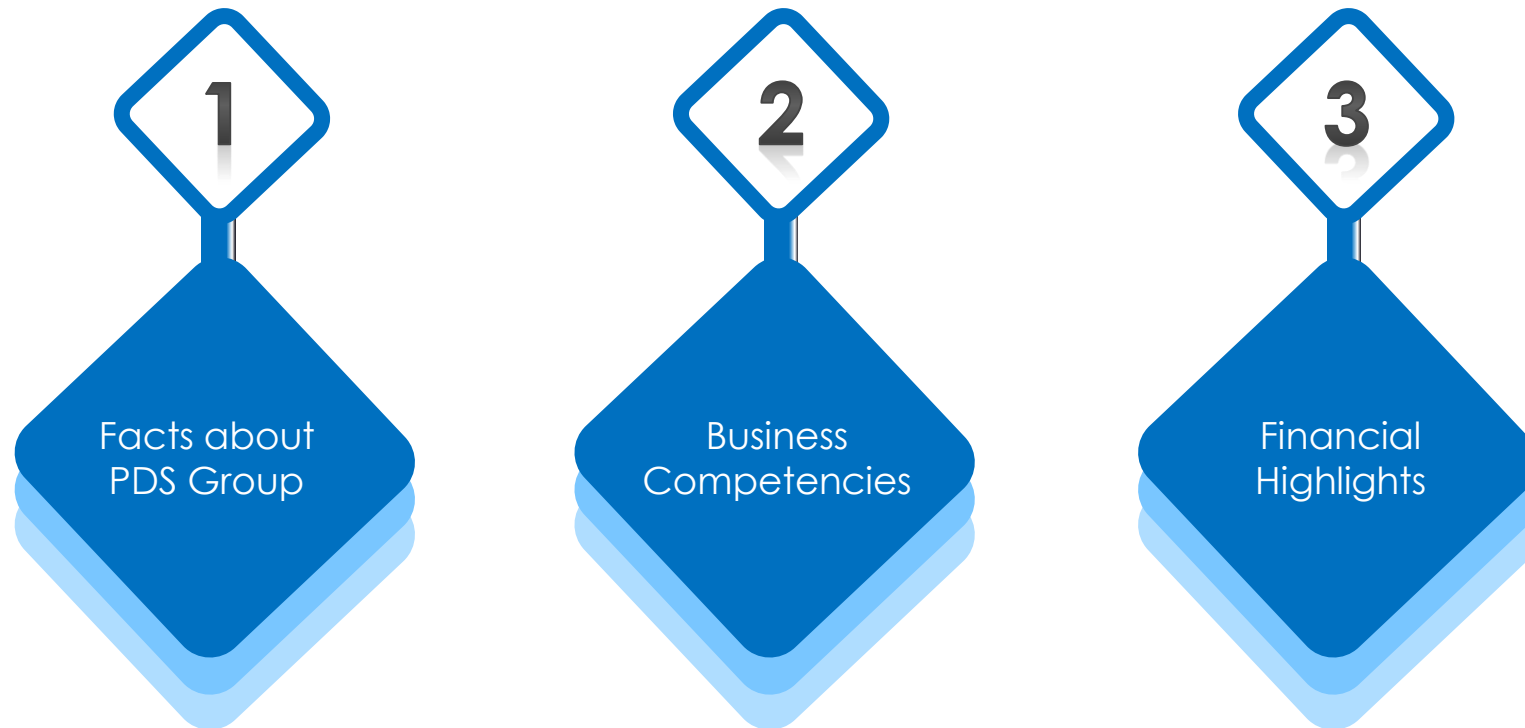


INVESTOR PRESENTATION

FY2018

PDS
MULTINATIONAL

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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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FACTS ABOUT PDS
GROUP

PDS – PURPOSE, MISSION AND VALUES

PURPOSE

- ▶ Be the world's best Innovative Enterprise, providing Fashion Solutions in a highly ethical and trusted manner

MISSION

- ▶ To provide PDS clients outstanding service and innovative designs sourced in the most ethical manner
- ▶ Provide all PDS associates and partners unparalleled opportunities for personal and professional development

VALUES

- ▶ Trust, integrity & ethics
- ▶ People first
- ▶ Entrepreneurial spirit
- ▶ Transparency, collaboration & teamwork
- ▶ Social responsibility
- ▶ Customer centricity

COMPANY STATISTICS

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

» **160+** Global Leading Retailers And Brands As Customers



» **1,700** Associates and **2,700** factory workers worldwide



» **50** Offices Across **18** Countries



» Revenue Stood at Rs. **4,948** Crore in FY18



» Income stood at Rs. **675** Crore in FY18



» **150** Own designers in key markets



» **0.13** Long-term debt/equity ratio as on March 31, 2018



» Operates **2** factories in Bangladesh, **1** factory in Sri Lanka and **1** factory in India



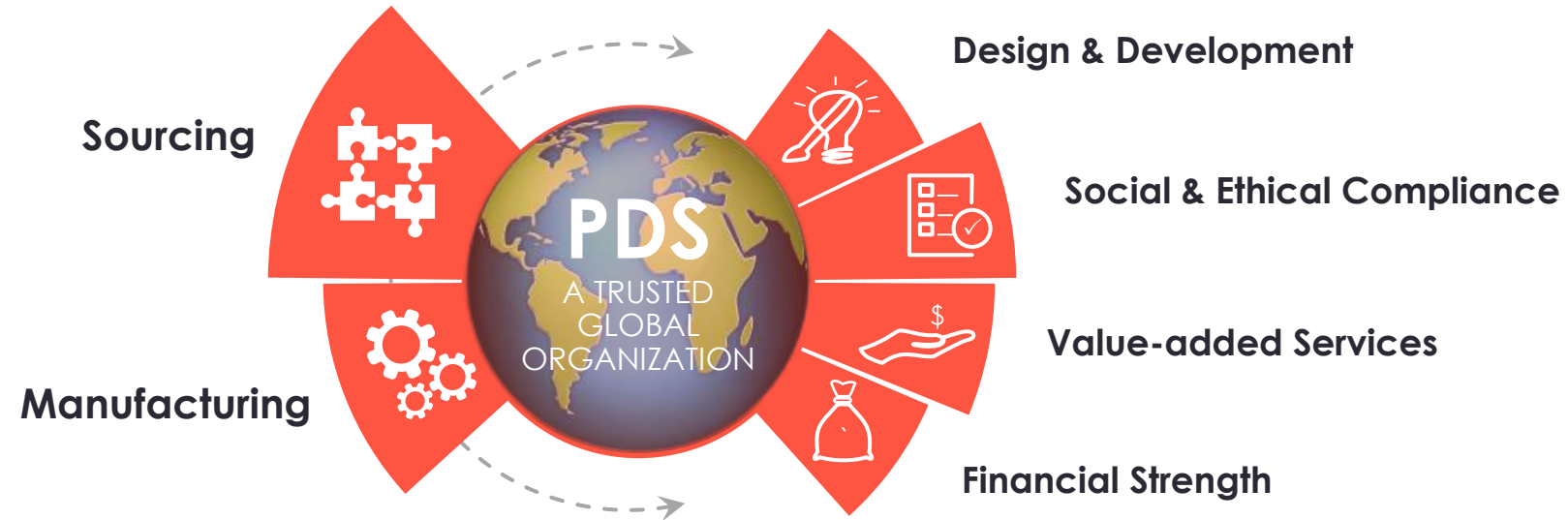
» **20** Customers added in FY18



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

GLOBAL FASHION MANUFACTURING AND SOURCING BUSINESS

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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 social audit and compliance of all its partner factories

CLOSE-TO-DEMAND GLOBAL MARKET PRESENCE

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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

1999

2003-05

Received approval for sourcing operations in India

Launched the Logistics business as Pacific Logistics in UK

Established sourcing operations in China , Bangladesh

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

2007-08

2009 -10

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

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

2012-13

2014

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

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

2016 -17

2018


Commissioned 2 Mfg. units at Bangladesh

PDS Towers inaugurated in Gurgaon, India

Acquired a manufacturing unit in Sri Lanka (erstwhile TRINCO factory)

TRANSFORMATION UNDERWAY..

Figures in Rs. crore



Particulars	FY2014	FY2018
Income	584	675
PAT	24	21
Net Worth	373	465
Long-term Debt Equity Ratio	0.13	0.13
Cash & Bank Balances	212	225
Market Presence (Countries)	14	18
Market Cap	619*	740

- **Market Cap as on October 21, 2014*
- *Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions*

Growth Trend (FY14 – FY18)

4% (CAGR)

Growth in Income

~30%

Cash & Bank Balances / Market Cap
(March 31, 2018)

10x

Growth in Retailer & Brands Base

OUR CUSTOMERS

90%

Business from
repeat customers

>25

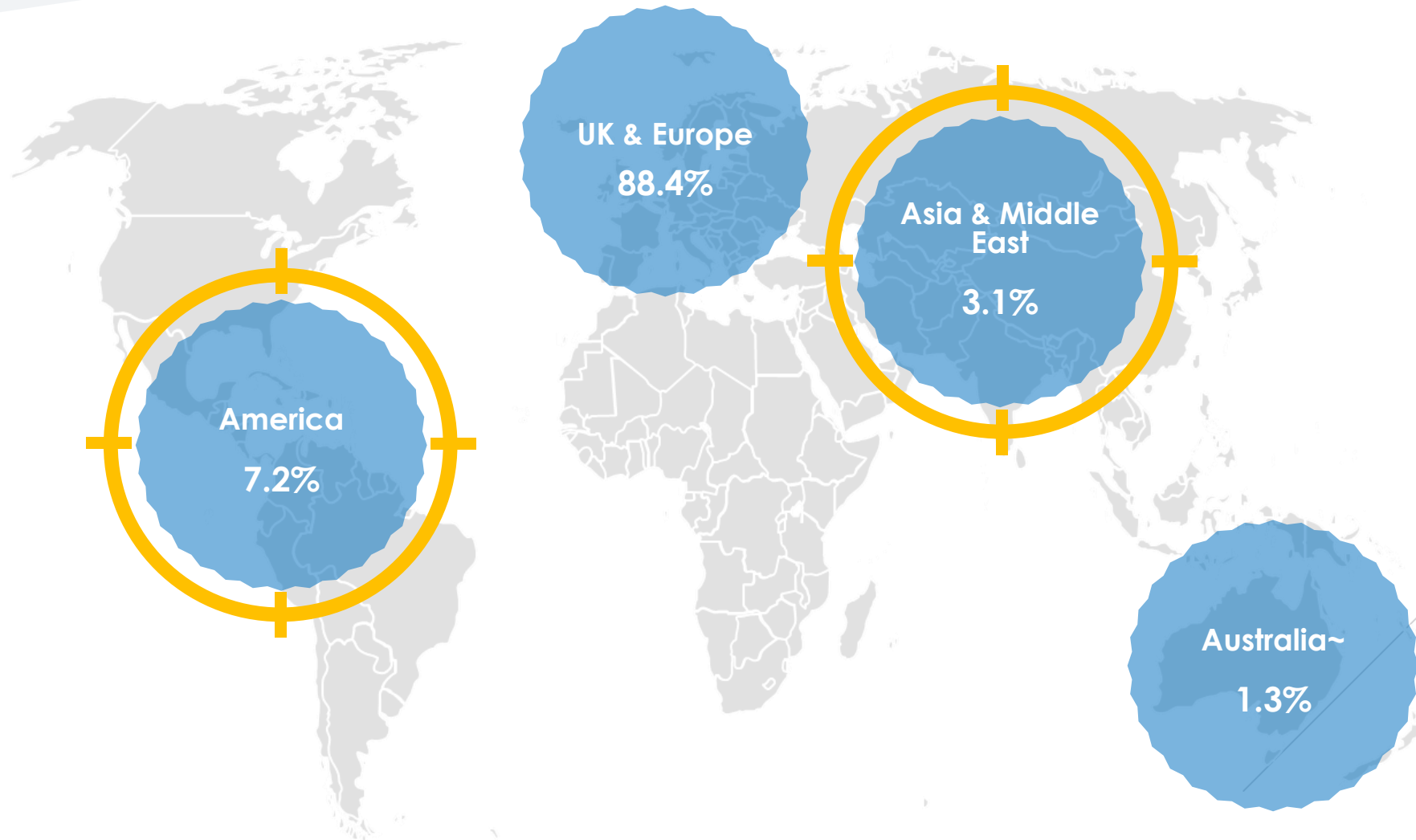
Long-term
relationships with
brands/ retailers

>60%

of Total Products
sold designed by
Company itself

SALES DISTRIBUTION AS ON MARCH 2018*

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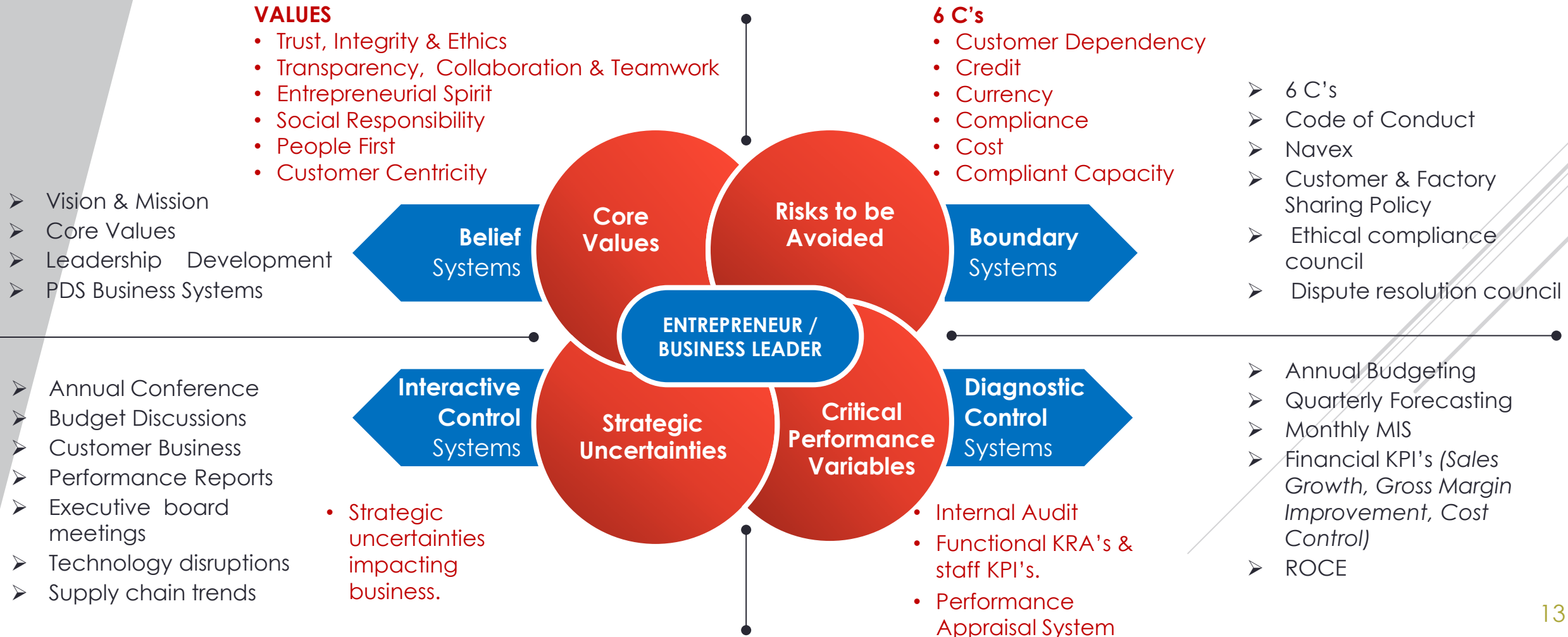


 **Strong Focus on augmenting Market share in the upcoming years**

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

BUILDING A WINNING CULTURE

LEVERS OF INFLUENCE



THE PDS EDGE

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Design & Product Development

- ▶ 150 designers working on consumer requirements
- ▶ Design Studio's set up in Key Markets
- ▶ Develops over 1,000 new styles/ month
- ▶ Design Centers in key sourcing locations



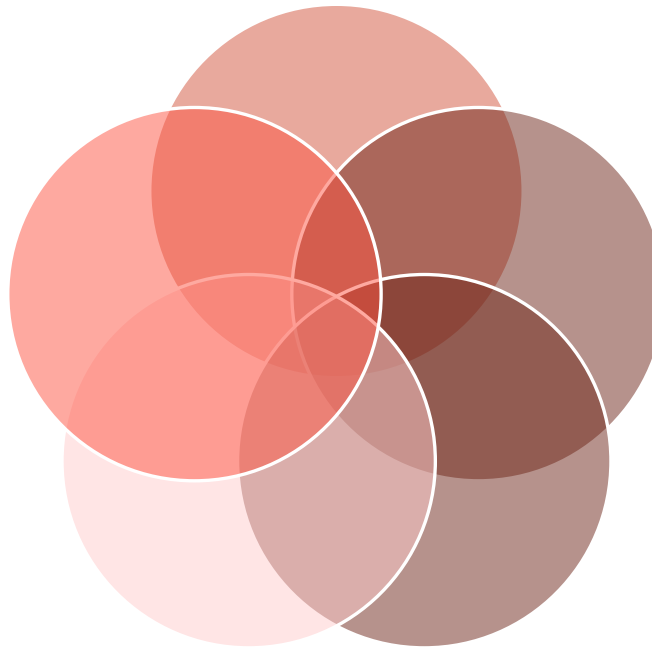
People

- ▶ 1,700 Associates and 2,700 factory workers worldwide
- ▶ Over 70% focused on Sourcing, Quality Control and Merchandising



Sourcing, Manufacturing & Marketing

- ▶ Established association with an extensive number of manufacturers in countries including Bangladesh, Cambodia, China, India, Myanmar, Pakistan, Sri Lanka, Turkey
- ▶ Strong connect with leading retailers & brands across the globe
- ▶ Setting up Manufacturing facilities to have better control over supply chain and improve customer service



Logistics & Supply Chain

- ▶ Established logistics and warehousing capabilities
- ▶ Inventory holding and stock management facility
- ▶ Ensures efficient and shorter delivery time



Financial Strength

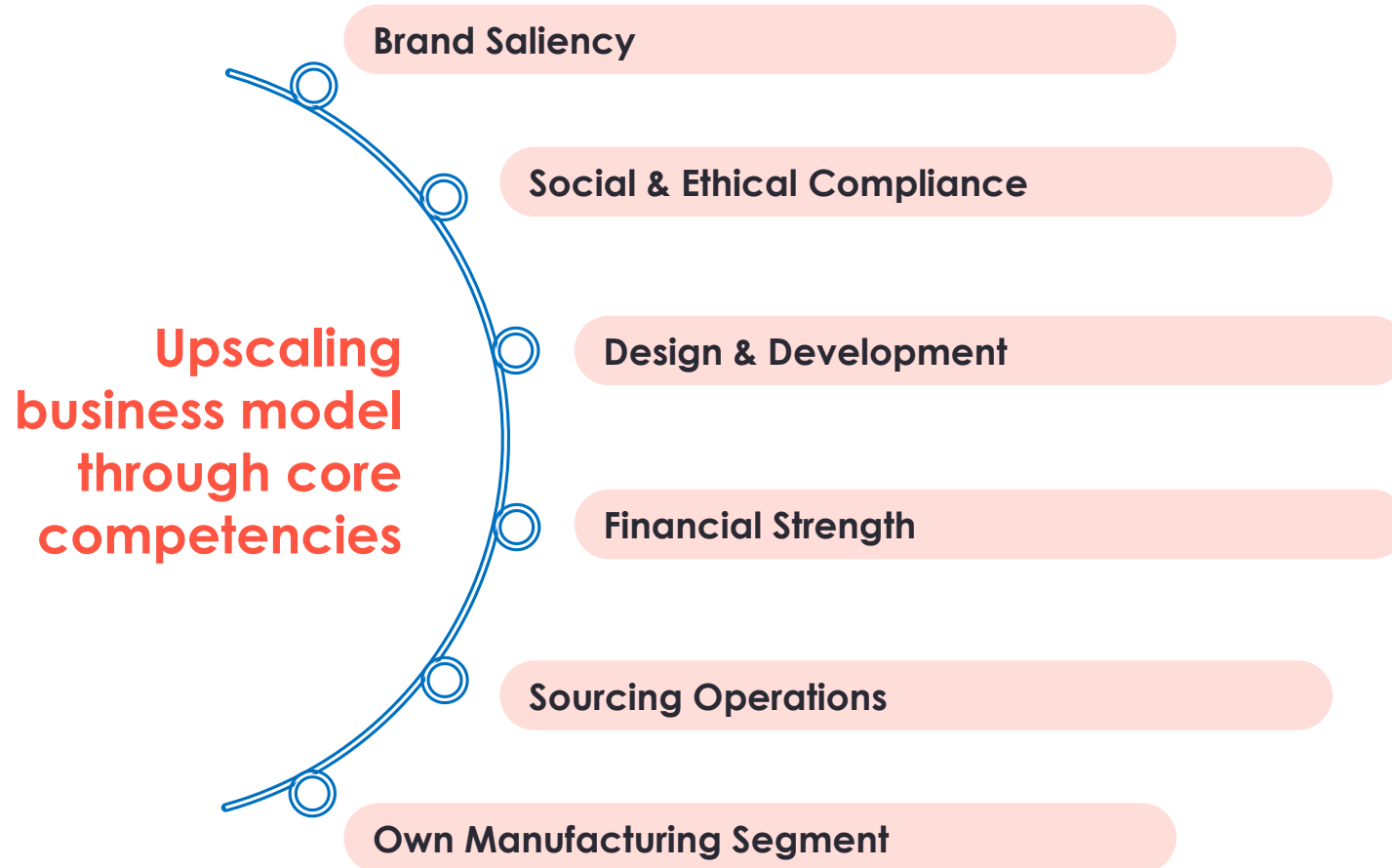
- ▶ USD 300mn Credit and Working Capital Limits
- ▶ Banking Relationship with leading multinational banks
- ▶ Invested in vendor facilities to have dedicated manufacturing infrastructure

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BUSINESS
COMPETENCIES

BUSINESS COMPETENCIES



BUSINESS COMPETENCIES

Brand Saliency

- ▶ Leading & trusted global strategic sourcing and manufacturing partner to major brands and retailers
- ▶ Strong management experience of over 40 years in the business
- ▶ Brand synonymous with innovation, 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

Social & Ethical Compliance

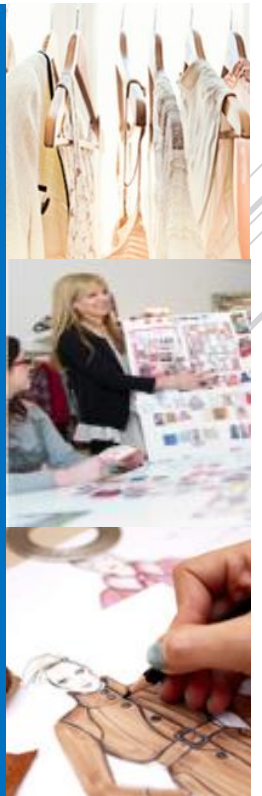
- ▶ Great emphasis on core PDS values - Transparency, Ethics and Social Compliance
- ▶ Invested in Navex Global, a leading solution provider of GRC management processes, to ensure highest level of compliance and ethics in the garments industry
- ▶ PDS' Code of Conduct is highly stringent
- ▶ Senior management 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



BUSINESS COMPETENCIES

Design & Development

- ▶ 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



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

Sourcing

- ▶ 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



BUSINESS COMPETENCIES

Sourcing (Agency Model)

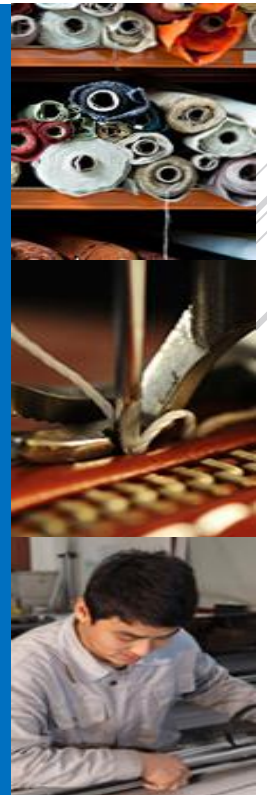
- ▶ A-la-carte approach towards managing the entire supply chain execution of end-customers
 - Sourcing
 - Design
 - Quality Check
- ▶ Minimized risks of cancellation/delays from customers
- ▶ Low overheads & operational costs
- ▶ Provides in-house expertise and market know-how in managing global trade
- ▶ 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



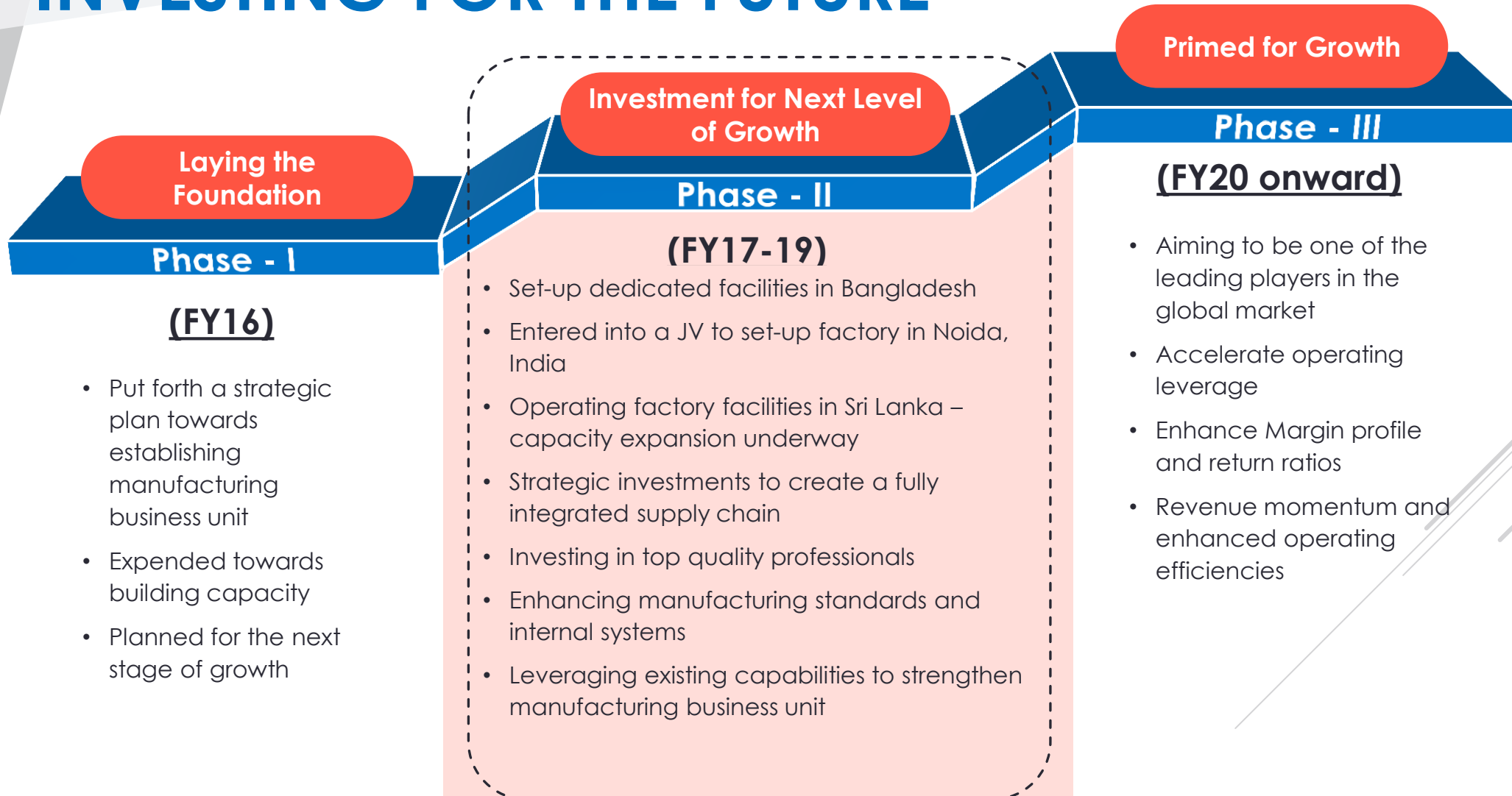
BUSINESS COMPETENCIES

Manufacturing

- ▶ 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 FY18, PDS entered into a JV to set-up a manufacturing unit in Noida, India
- ▶ 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



PROGRESS APPARELS

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1

Go live date:
**October
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

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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

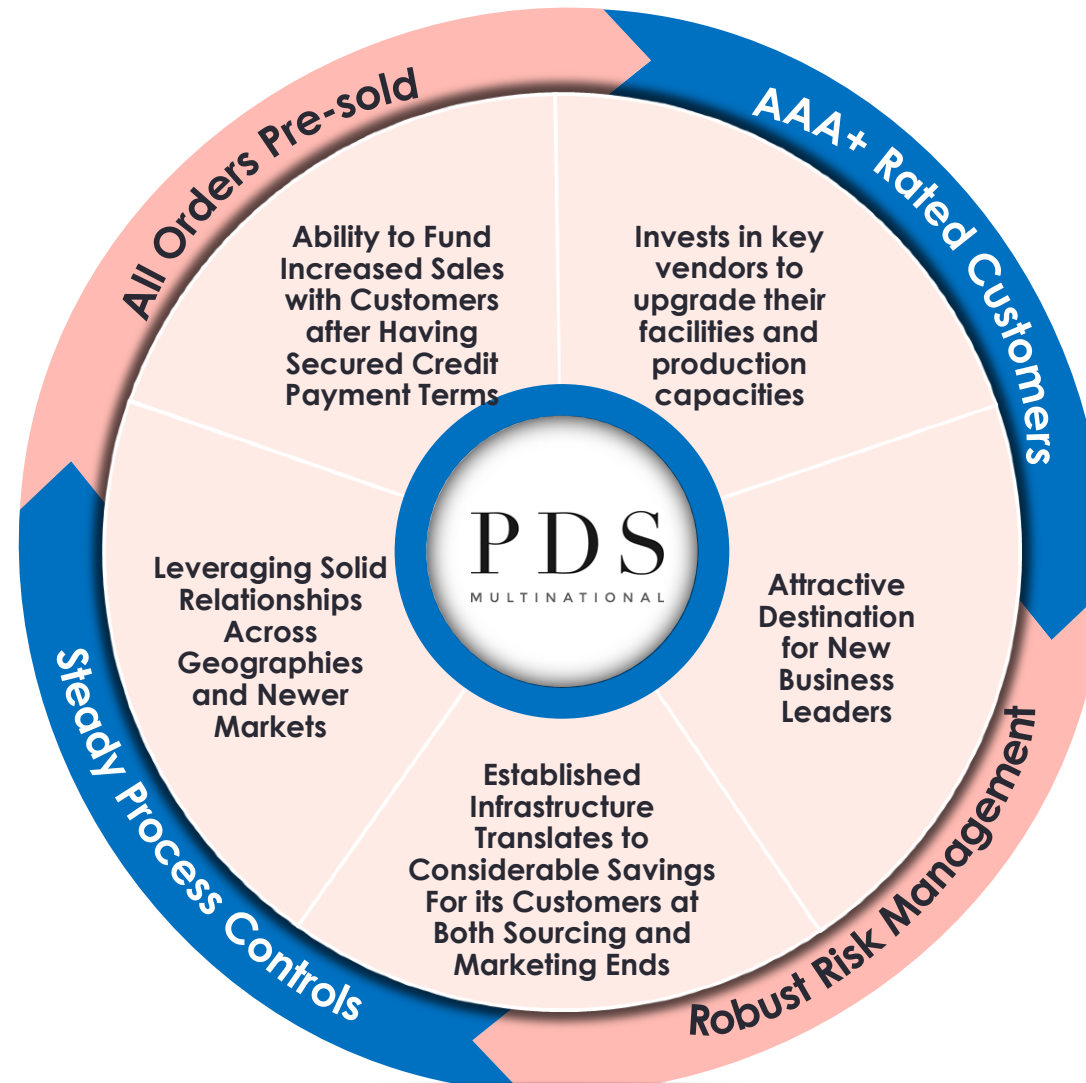
Production
Capacity Monthly:

600,000
units

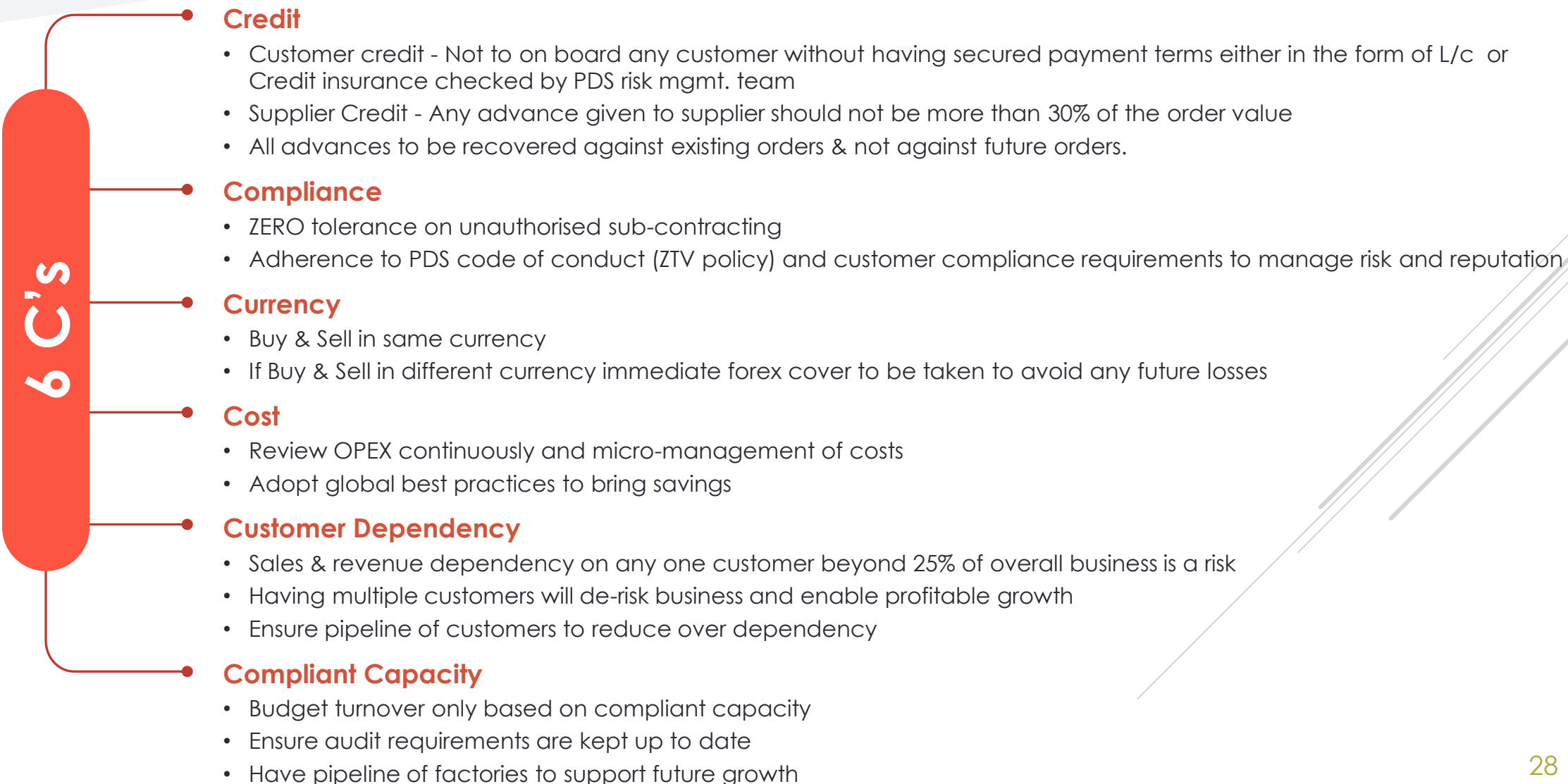


WELL-BALANCED BUSINESS MODEL

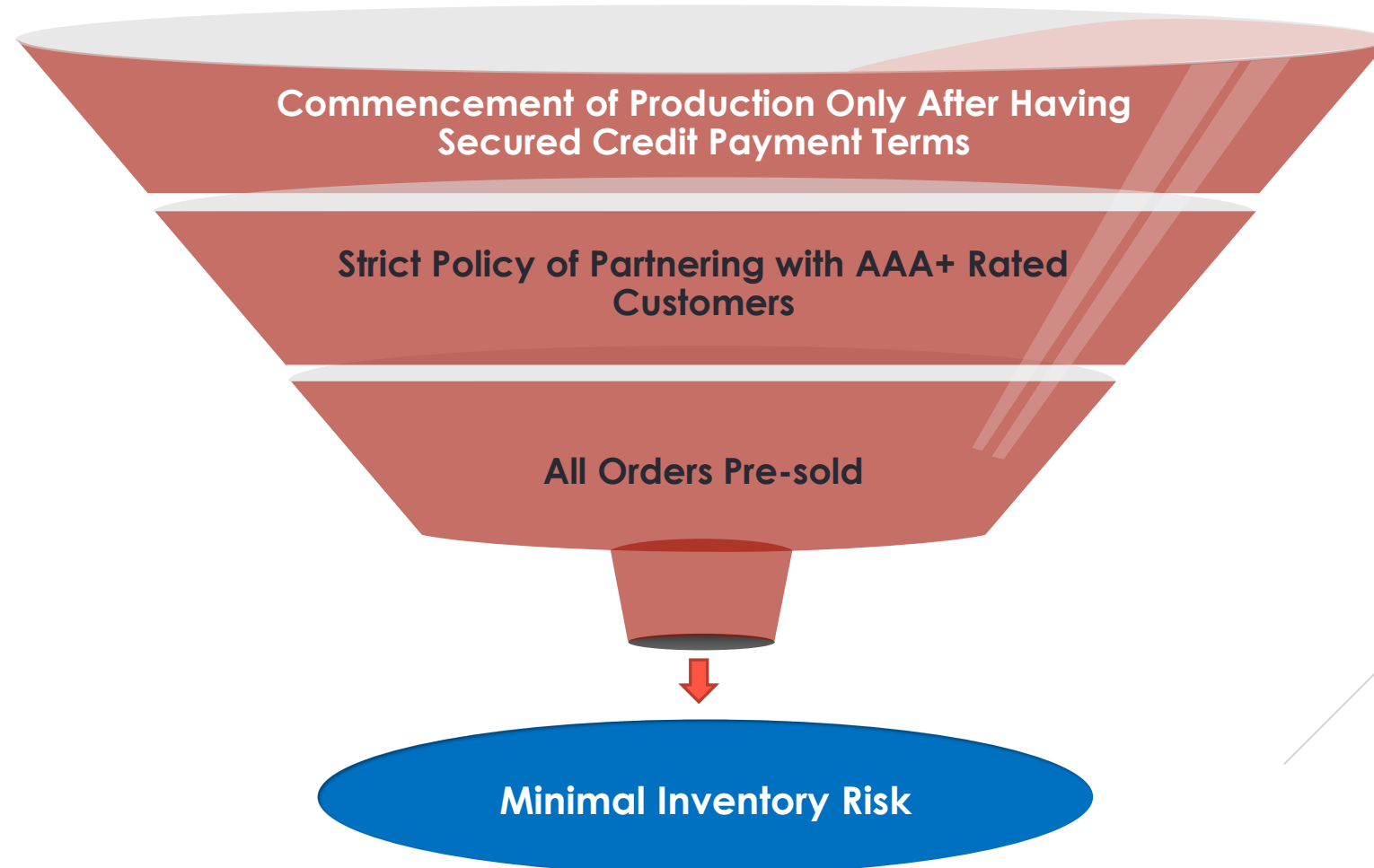
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6 C'S OF RISK MANAGEMENT



MITIGATING INVENTORY RISK



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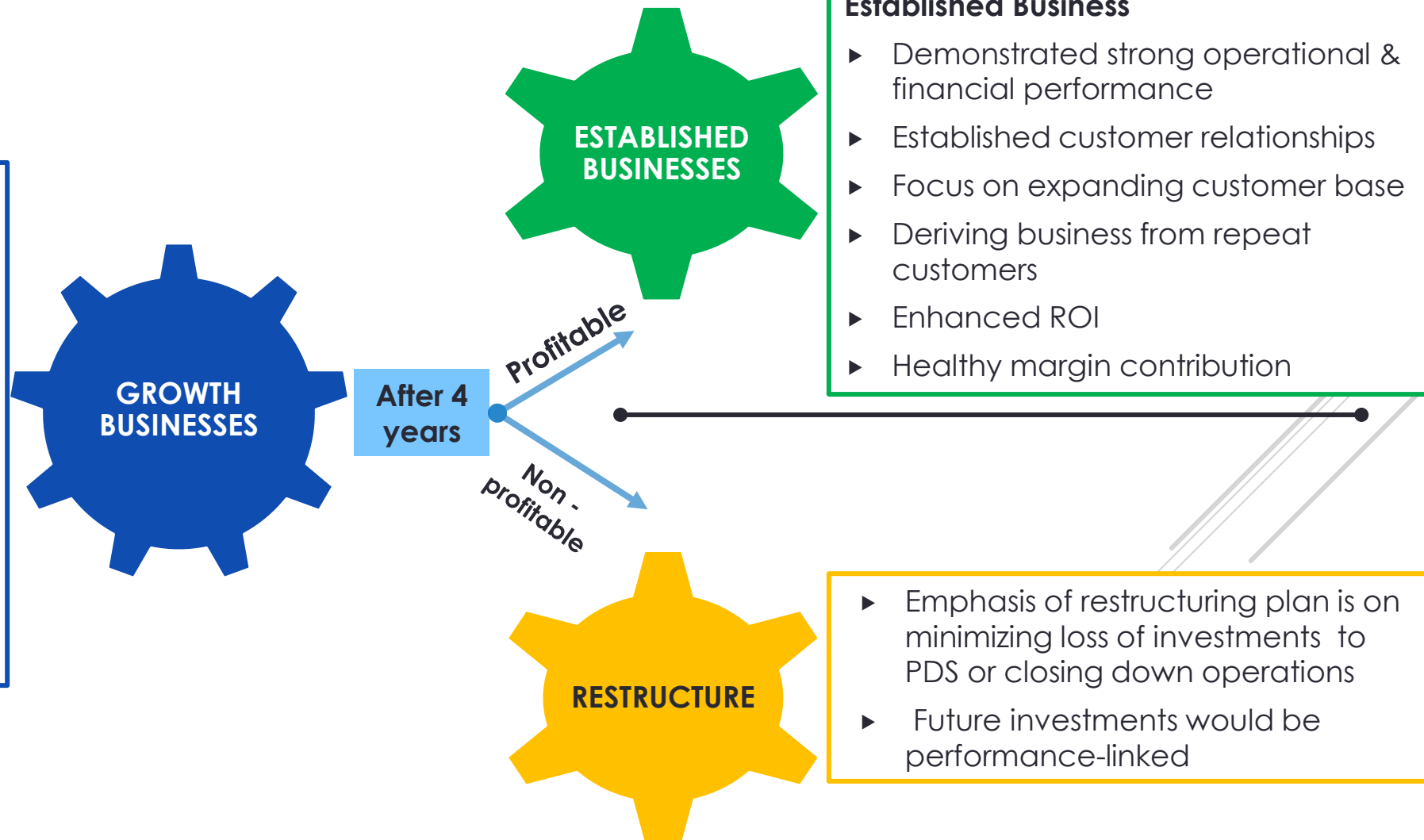
FINANCIAL HIGHLIGHTS

PDS – GROWTH & ESTABLISHED BUSINESSES

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Growth business

- ▶ High-potential & 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

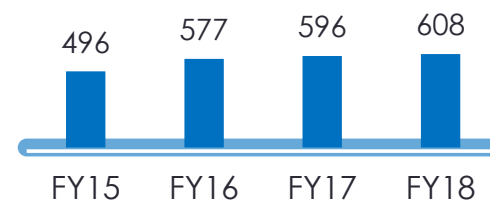


PDS - SOURCING OPERATIONS – ESTABLISHED BUSINESS

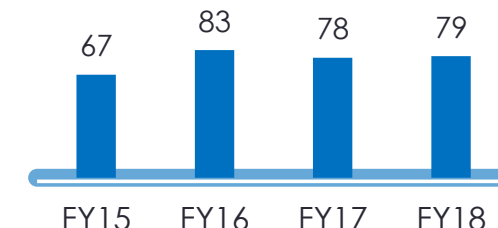
Established Business

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

Income from Established Business (Rs. crore)

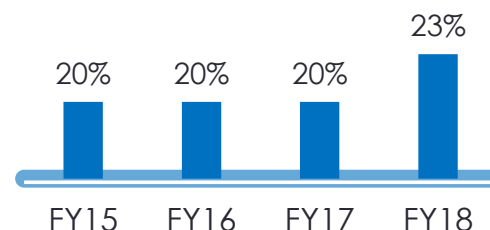


PAT from Established Business (Rs. crore)

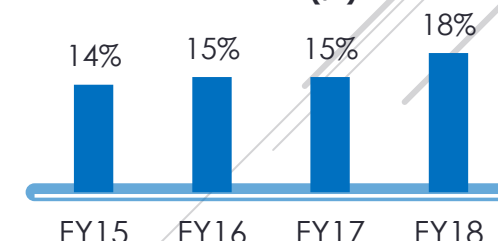


Revenues 3,465 3,960 4,219 4,167

ROE from Established Business (%)



ROCE for Established Business (%)



Note:

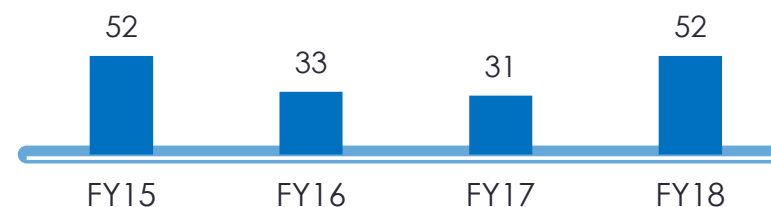
1. Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions
2. Non-core assets include investments in Property Residential and Warehouse in UK, and investment in Mutual funds, bonds and Retail.
3. Calculation for Capital Employed (established business) : Total 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 4 years

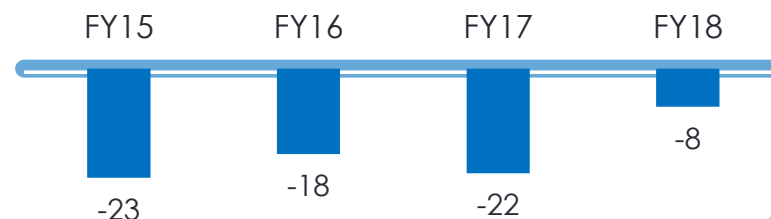
Income from Growth Business (Rs. crore)



Revenues

FY	Revenues (Rs. crore)
FY15	421
FY16	348
FY17	407
FY18	671

PAT from Growth Business (Rs. crore)

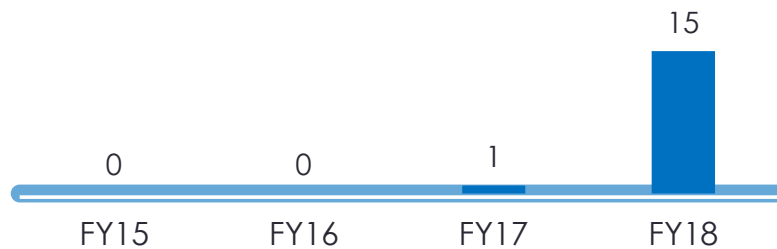


Note:

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

MANUFACTURING BUSINESS – INVESTING FOR THE FUTURE

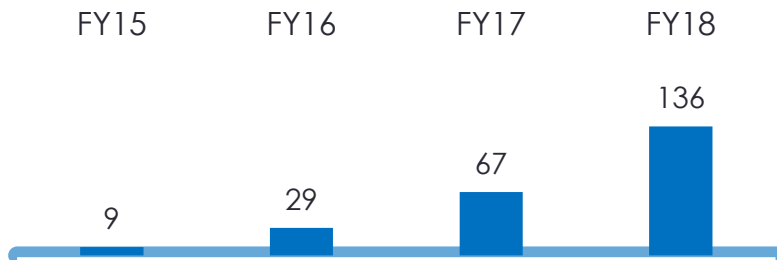
Income from Manufacturing (Rs. crore)



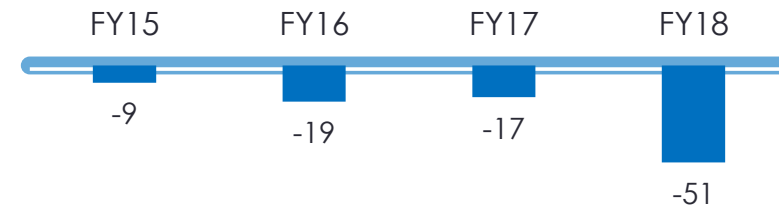
Revenues

- - 4 86

Capital Employed (Rs. crore)



PAT from Manufacturing (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 cashflow in the longer term

Note:

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

IMPROVING PERFORMANCE ACROSS VERTICALS

Business		Maturity	Income (FY18) – Rs. cr	Income Growth (3-yr CAGR)	PAT (FY18) – Rs. cr	PAT Growth (3-yr CAGR)
	Established	Over 4 years	608	7%	79	6%
	Growth	0-4 years	52	1%	(8)	1/3 rd reduction in losses in 3 years
	Manufacturing*	0-5 years	15	NA	(51)	NA

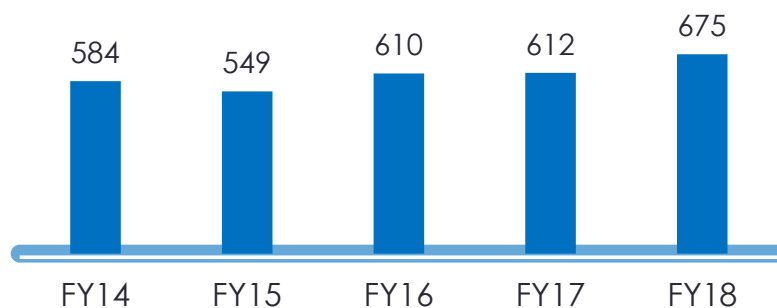
Note: *Manufacturing business operationalized in the year FY2017
Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions

FINANCIAL TRACK-RECORD

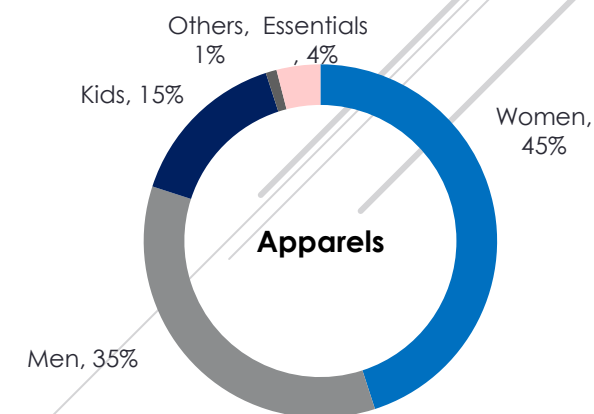
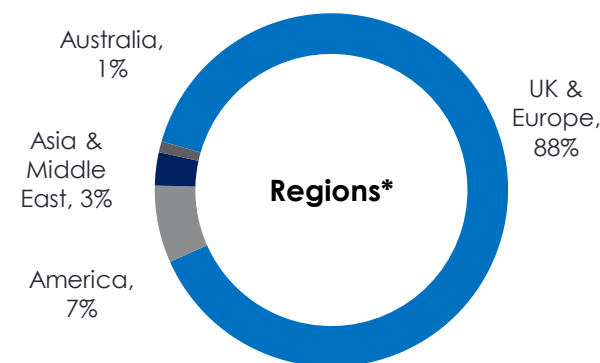
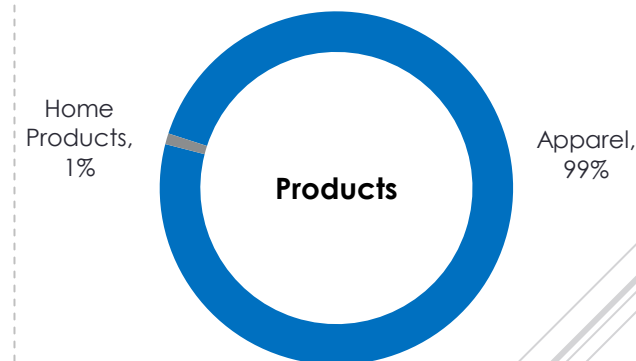
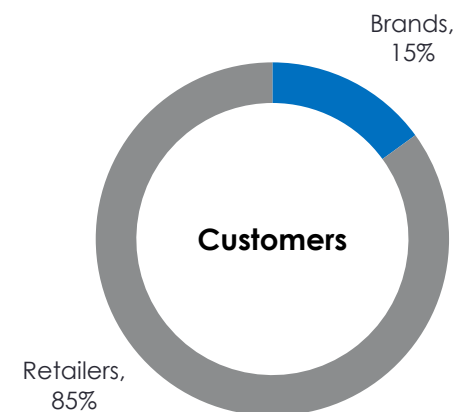
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Income (Rs. crore)



Revenues	3,748	3,886	4,308	4,630	4,948
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Note:

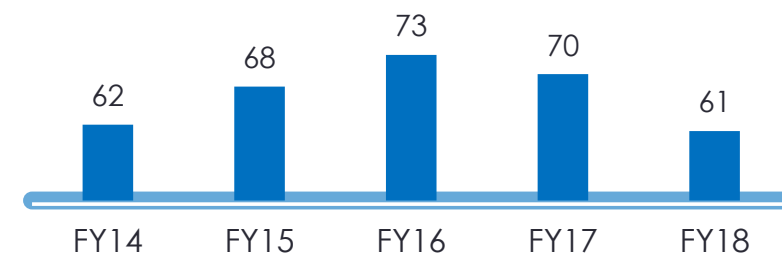
1. Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions
2. * - Based on customer Locations
3. Pro-forma financial numbers for FY14

FINANCIAL TRACK-RECORD

CONSOLIDATED

- ▶ EBITDA stood at Rs. 61 crore, translating into margin of 9%; PAT at Rs. 20 crore, with margins at 3% (Manufacturing business EBITDA Losses stood at Rs.46 crore)
- ▶ Strategic investments towards the Company's manufacturing initiative has impacted profitability during the period – the financial performance is expected to improve as manufacturing operations stabilize
- ▶ PDS maintains its strong focus on strengthening the business model, targeting newer markets and manufacturing operation. The strategic initiatives are expected to help deliver healthy performance over the medium to long term

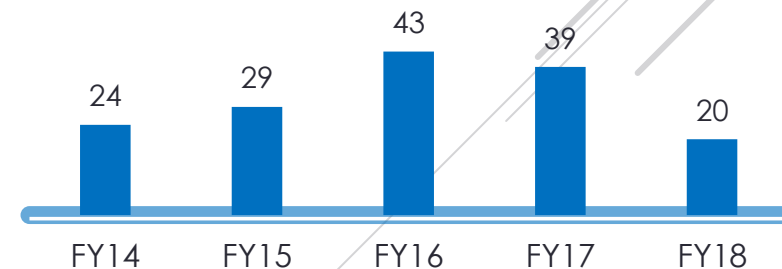
EBITDA (Rs. crore)



EBITDA % on Income

FY14	FY15	FY16	FY17	FY18
17%	11%	12%	12%	9%

PAT (Rs crore)



PAT (%) on Income

FY14	FY15	FY16	FY17	FY18
8%	4%	5%	7%	3%

Note:

1. Pro-forma financial numbers for FY14

KEY FINANCIALS

CONSOLIDATED

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

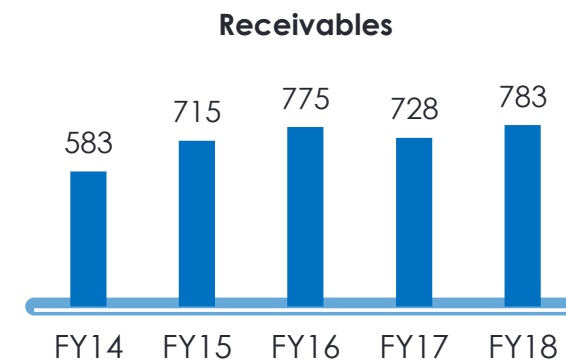
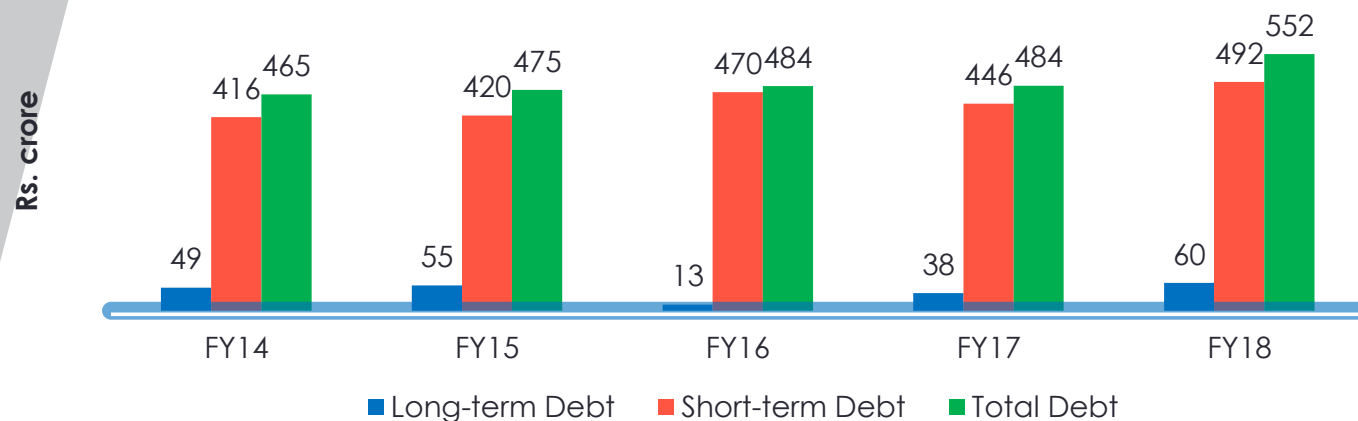
Break-up of Borrowings in FY18

Borrowings		FY18 (USD / INR in 000's)		FY18 (Rs. in 000's)
USD Borrowings		81,625	USD to INR →	5,308,878
INR Borrowings		212,364		212,364
Total Borrowings				5,521,243

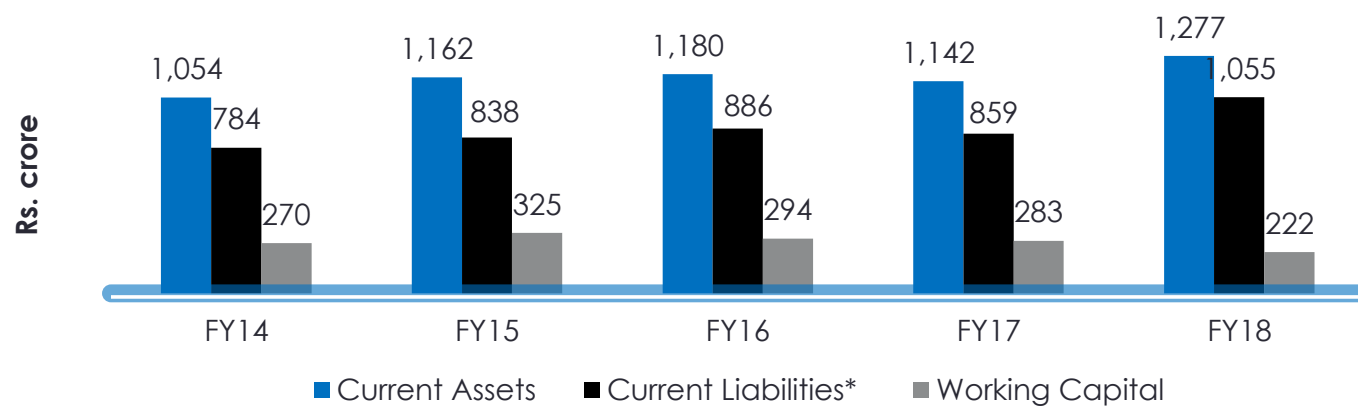
- ▶ Lower interest costs linked to LIBOR
- ▶ Dollar denominated borrowings repaid through dollar denominated revenues
- ▶ The entire dollar-denominated borrowings is outside of India

KEY FINANCIALS

CONSOLIDATED



Receivables consistently higher than short-term/ Working Capital Debt

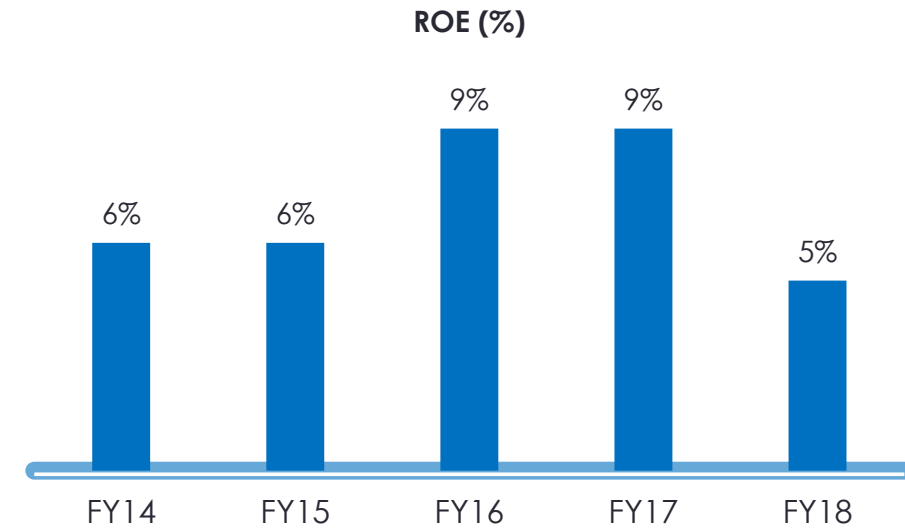
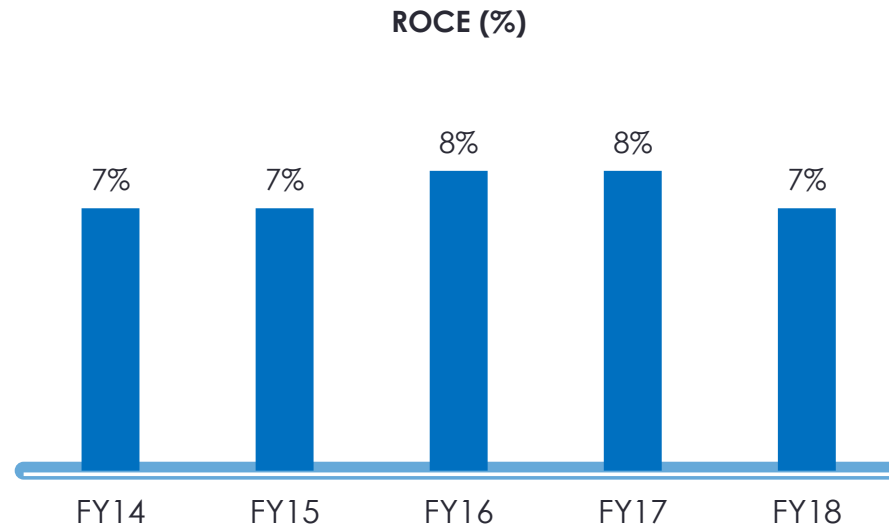


* - Current Liabilities includes Short-term borrowings

Note:

1. Pro-forma financial numbers for FY14

KEY RATIOS CONSOLIDATED



- Return ratios have been impacted due to investment and losses in initial setup period in manufacturing operations

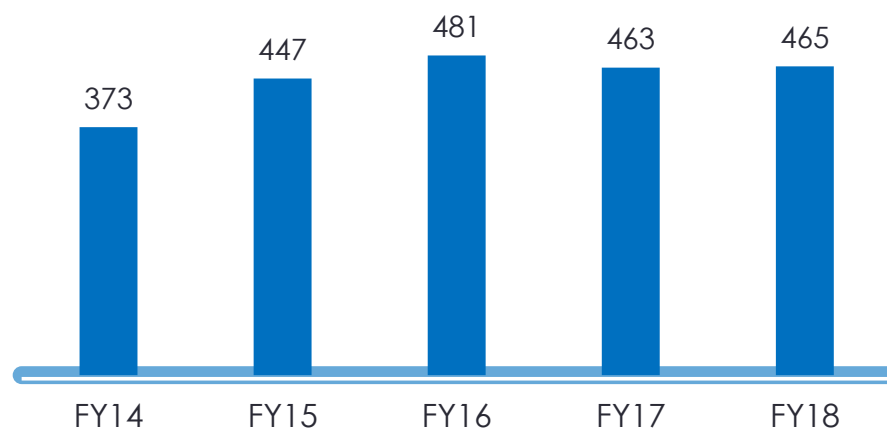
Note:

1. Calculation for Capital Employed: Networth + short-term borrowings
2. Pro-forma financial numbers for FY14

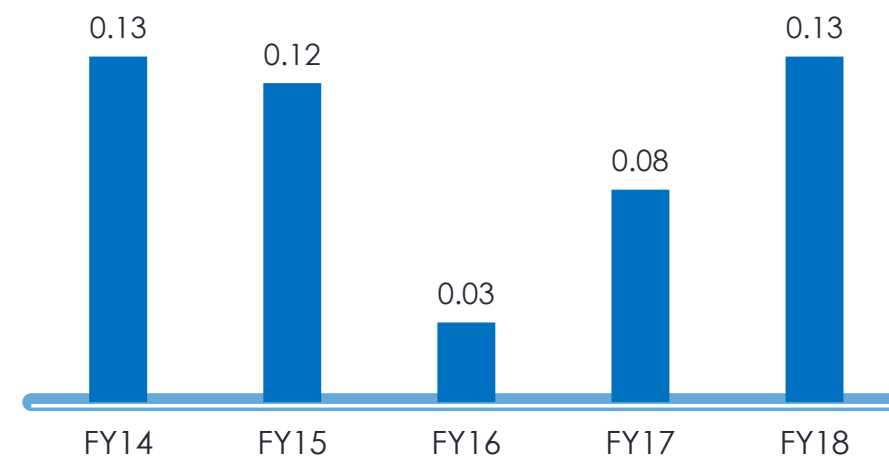
KEY FINANCIALS

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Net Worth (Rs. crore)



Long-term Debt Equity Ratio



► Growth in long-term debt on account of investments in manufacturing plants

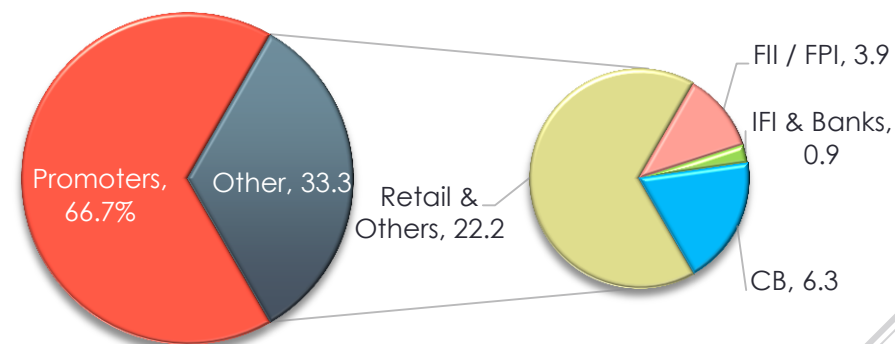
Note:

1. Calculation for Capital Employed: Networth + short-term borrowings
2. Pro-forma financial numbers for FY14

KEY MARKET STATISTICS

Key Market Statistics	As on June 30, 2018
BSE/NSE Ticker	538730 / PDSMFL
Industry	Textiles
MP (Rs.)	255.3
Market Cap (Rs. Crore)	664.8
Number of outstanding shares (Crore)	2.60
Face Value	10.00
52-week High / Low (Rs.)	340.8 / 208.6

Shareholding as on June 30, 2018



Break-up of
Floating
Stock

Top Institutional Shareholders (more than 1%)

Lts Investment Fund

Premier Investment Fund

PROMOTER PROFILES

Mr. Deepak Seth

Group Chairman

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

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

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

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 50 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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MULTINATIONAL

THANK YOU