

PDS Multinational Fashions Limited

BOARD'S REPORT

To the Members,

We have pleasure in presenting Ninth Annual Report of PDS Multinational Fashions Limited (the "Company") together with the audited standalone and consolidated financial statements for the financial year ended March 31, 2020.

Financial Summary and State of Affairs (₹ in Crore)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Income from operations	6,648.04	6,485.85	41.12	39.21
Other income	26.52	16.12	0.75	0.95
Total income	6,674.56	6,501.98	41.88	40.16
Total expenses	6,563.55	6,432.91	37.70	39.50
Profit before share of loss in associates and joint ventures and exceptional items	111.01	69.07	4.17	0.66
Share of loss from associates/joint ventures	6.90	0.06	-	-
Profit before exceptional items and tax	104.11	69.01	-	-
Exceptional items – refer note 1	13.57	-	-	-
Profit before tax	90.54	69.01	4.17	0.66
Provision for tax	9.46	0.13	1.50	(0.43)
Net Profit for the year	81.08	68.88	2.67	1.09
Other Comprehensive Income/ (loss)	52.65	22.60	(0.05)	-
Total Comprehensive Income	133.72	91.48	2.62	1.09

The above financial summary have been prepared in accordance with the principal and procedures of Indian Accounting Standards ("Ind AS") as specified in Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules 2015 and relevant amendments thereafter.

Notes:

- During the current year, management has performed the impairment assessment and goodwill pertaining to two subsidiaries amounting to ₹ 13.57 crore have been fully impaired, due to the current situation and business plan or strategy for operations and such impairment has been considered as an exceptional item for the current year.

Consolidated

On Consolidated basis, the total revenue for Financial Year 2019-20 was at ₹ 6,674.56 Crore as against ₹ 6,501.98 Crore in Financial Year 2018-19 with a Growth of 3% over previous year.

The Profit after Tax in Financial Year 2019-20 was at ₹ 81.08 Crore as compared to ₹ 68.88 Crore in Financial Year 2018-19 with a Growth of 18% over previous year.

Standalone

On Standalone basis, the total Income for Financial Year 2019-20 was at ₹ 41.88 Crore as against ₹ 40.16 Crore in Financial Year 2018-19 with a Growth of 4% over previous year.

The Profit after Tax in Financial Year 2019-20 was at ₹ 2.67 Crore as compared to ₹ 1.09 Crore in Financial Year 2018-19 with a Growth of 145% over previous year.

Details of State of the Company's Affairs are given in the Management Discussion and Analysis.

RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (3) (C) & 134 (5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, your Directors state that:

- in the preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2020 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

DIVIDEND & RESERVES

Your Directors did not recommend any dividend for the Financial Year 2019-20 and not proposed to carry any amounts to reserves.

CHANGE IN THE NATURE OF THE BUSINESS

During the financial year, there was no change in the nature of the business of the Company.

DEPOSITS

Your Company has not accepted any deposits from the Public or Shareholders during the year, nor has any unclaimed or unpaid deposits at the end of the Financial Year 2019-20.

COMMITTEES OF BOARD, NUMBER OF MEETINGS OF THE BOARD AND COMMITTEES

The Board has in place the Committees (s) as mandated under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are currently three (3) Committees of the Board, namely:

- Audit Committee
- Nomination & Remuneration Committee

- Stakeholders' Relationship Committee

All recommendations made by the Committees of the Board including the Audit Committee were accepted by the Board.

During the year under review, the Board met 6 (Six) times. A detailed update on the Board, its composition, detailed charter including terms of reference of Board committees, number of Board and Committee meetings held during the Financial Year 2019-20 and attendance of Directors at each meeting is provided in the report on Corporate Governance, which forms part of Annual Report.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company had already constituted Nomination and Remuneration Committee as required under Sub-Section (1) of Section 178 of the Companies Act, 2013 comprising three Independent Directors Mr. Ashok Kumar Sanghi, Chairperson, Mr. Ashok Kumar Chhabra & Dr. A.P. Bhupatkar, Members of the Committee.

The Company has also formulated a Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178 (3) of the Companies Act, 2013 and the same is available on Company's website www.pdsmultinational.com.

Some of the salient features of which are as follows:

1. To regulate the appointment and removal of Director, KMP and Senior Management
2. To fix the Remuneration for the Whole-time Director, KMP and Senior Management Personnel
3. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

During the financial year Company has amended the said policy in its Board meeting held on 14th February, 2020, in line with the provisions of the Companies Act, 2013.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the evaluation of the annual performance of the Directors/Board/Committees was carried out for the Financial Year, 2019-20

The Nomination & Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees, individual directors and the Chairman has to be made. All Directors responded through a structured questionnaire giving feedback about the performance of the Board, its Committees, Individual directors and the Chairman.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The Board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the financial year your Company has appointed Ms. Saraswathy Venkateswaran (DIN: 01778608), as an Additional Director designated as Independent Woman Director for a period of five consecutive years with effect from 14th February, 2020 to 13th February, 2025 subject to the approval of the shareholders. Hence, there is change in the composition and the Board comprises of Seven (7) Directors including Four (4) Independent Directors and three (3) Non-Executive Directors. During the Financial Year 2019-20, your Board met Six (6) times details of which are available in Corporate Governance Report forming part of Annual Report.

Independent Directors provide their declarations both at the time of appointment and annually, confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and the Listing Regulations.

In the opinion of the Board, the Independent Directors are persons with integrity, expertise and experience in the relevant functional areas. Requirements of online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 will be complied within the prescribed timeline, if the same is applicable to each of them.

Mrs. Payel Seth (DIN: 00003035), Non-executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered herself for re-appointment. Your Board recommends her appointment.

During the year, the key managerial personnel of the Company as at 31st March, 2020 comprise of Mr. Omprakash Makam S. Setty, Chief Executive Officer, Mr. Ajai Singh, Chief Financial Officer and Mr. B. Chandra Sekhara Reddy, Company Secretary & Head-Legal.

AUDITORS

Statutory Auditors

At the 8th Annual general Meeting held on 13th November, 2019, the Shareholders have approved the appointment of M/s Walker Chandio & Co LLP, Chartered Accountants (Regn. No. 001076N/N500013), as Statutory Auditors of the Company until the conclusion of 13th Annual General Meeting to be held in the year 2024-25.

Pursuant to recent amendment to Section 139 of the Companies Act, 2013 effective from 7th May, 2018, ratification by Shareholders every year for the appointment of Statutory Auditors is no longer required and accordingly the Notice of the 9th Annual General Meeting does not include the proposal for seeking Shareholders approval for ratification of Statutory Auditors appointment. Pursuant to Section 139 and 141 of the Act and relevant Rules prescribed there under, the Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company. The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

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The Auditors' Report for Financial Year 2019-20 does not contain any qualification, reservation or adverse remark or disclaimer. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Secretarial Auditor

The Board has appointed Mr. R. Hariprasad Reddy, Practicing Company Secretary (Membership No. FCS 8477), proprietor of M/s. RHR & Associates, to conduct Secretarial Audit of the Company for the Financial Year 2019-20, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. During the financial year there was one observation reported in the Secretarial Audit Report about delayed filing of Investor Complaint Statement with NSE for the quarter ending 30th September, 2019. The Secretarial Audit Report for the financial year 2019-20 is annexed as 'Annexure-I' to this Report.

Additionally, in line with SEBI Circular dated February 8, 2019, an Annual Secretarial Compliance Report confirming compliance of all applicable SEBI Regulations, Circulars and Guidelines by the Company was issued by the Secretarial Auditor and filed with the Stock Exchanges.

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. Internal controls are reviewed periodically by the internal auditor and report significant audit observations, if any, and follow up actions, if any, to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of internal control systems commensurate with the nature of the business.

RISK MANAGEMENT

Your Company has taken necessary steps for risk management including identifying risk which may threaten the existence/operations of the Company.

CORPORATE GOVERNANCE AND POLICIES

In order to maximize shareholders value on a sustained basis, your Company is strictly complying with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations") and applicable provisions of Companies Act, 2013 and Secretarial Standards issued by the Institute of Company Secretaries of India.

In terms of Schedule V of the Listing Regulations, Compliance Certificate issued by the Statutory Auditors of the Company is annexed as **Annexure-II** and a detailed report on Corporate Governance forms an integral part of this Annual Report.

In Compliance with requirement of the Companies Act, 2013 and the Listing Regulations, your Board has approved various policies including Code of Conduct for Directors and Senior Management Personnel, Policy on materiality of related party transactions and on dealing with related party transactions, Material Subsidiary Policy, Code of Practices and Procedure for Fair Disclosures, Policies for Determination of Materiality of Events, Policy for Preservation of documents and Archival, Nomination and Remuneration Policy, Policy on Business Responsibility and Vigil Mechanism Policy. These policies and codes along with the Directors Familiarization Program and terms and conditions for appointment of Independent Directors have been uploaded on Companies website and same can be viewed on

www.pdsmultinational.com under investor relations. In line with the SEBI (Prohibition of Insider Trading) Regulations, 2015, your Company has put in place Insider Trading Code and the Policy on Fair Disclosure of Unpublished Price Sensitive Information.

During the financial year Company has amended the Code of Conduct for Directors and Senior Management Personnel and Policy on materiality of related party transactions and on dealing with related party transactions and adopted the Policy on Business Responsibility in its Board meeting held on 14th February, 2020, in line with the provisions of the Companies Act, 2013 and Listing Regulations.

COST AUDIT

Maintaining cost records as specified by the Central Government under section 148 (1) of the Companies Act, 2013 is not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY

Your Company does not fulfil any of the below criteria laid down under Companies Act, 2013, during the immediately preceding financial year, for Constitution of Corporate Social Responsibility (CSR) Committee:

- Net worth of ₹ 500 Crores or more
- Turnover of ₹ 1000 Crores or more
- Net profit of ₹ 5 Crores or more

Hence, the Constitution of CSR Committee and amount required to be spent under CSR is not applicable to your Company for financial year 2019-20.

PREVENTION OF SEXUAL HARASSMENT POLICY

Your Company is committed to provide safe and conducive working environment to all its employees and has zero tolerance for sexual harassment at workplace. In line with requirements of Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder, your Company has adopted a policy on prevention, prohibition and redressal of Sexual harassment at workplace and has constituted Internal Complaint Committee supervising various locations to redress complaints regarding sexual harassment.

During the Financial Year 2019-20, the Company has not received any complaints of alleged sexual harassment.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Companies Act, 2013 and applicable Indian Accounting Standards ('Ind-AS'), the audited consolidated financial statement is provided in the Annual Report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, companies listed below have become or ceased to be Company's subsidiaries, joint ventures or associate companies.

Companies which have become Subsidiaries, Joint Ventures or Associates during the Financial Year 2019-20.

Subsidiaries:

Clover Collections FZCO
LillyandSid Ltd

Associates:

Techno Sourcing BD Limited (earlier known as 'KIK Service Unit Limited)

Companies which ceased to be subsidiaries/Associate on closure during the financial year 2019-20.

Parc Designs Private Limited

SACB Holding Limited*

*The Company's investee namely SACB has ceased to carry on business as at 31st March 2020 and has also proposed to be wound up. As such, the assets and liabilities of SACB has been transferred to Multinational Textile Group Limited.

A statement containing the salient features of the financial statement of our subsidiaries, associates and joint venture companies as per the Companies Act, 2013 in the prescribed Form **AOC-1** is annexed as 'Annexure-III' to this report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on website www.pdsmultinational.com

The Policy of determining material subsidiaries as approved may be accessed on the Company's website at <http://www.pdsmultinational.com/code-conduct/>

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments made by the Company as required under Section 186(4) of the Companies Act, 2013 and the Listing Regulations are contained in Note No. 8 & 9 of Standalone Financial Statements.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There were no Material Changes and Commitments affecting Financial Position between the end of the financial year and Date

of the Report.

EXTRACTS OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 is annexed as 'Annexure-IV' to this Report and copy of such annual return is placed at www.pdsmultinational.com.

EXTENSION OF AGM

The Registrar of Companies, Karnataka, vide his Order dated 04th September, 2020 has granted extension of Two (2) month for holding Annual General Meeting of the Company for the financial year ended 31st March, 2020.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were at arm's length basis, in ordinary course of business and in compliance with applicable provisions of the Companies Act, 2013 and Listing Regulations.

Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form **AOC-2** is annexed as 'Annexure-V' to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The statement containing particulars of employees employed throughout the year and in receipt of remuneration of Rs. 1.02 crore or more per annum, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

Name of Employee	Designation	Educational qualification	Age	Experience (in years)	Date of Joining	Remuneration paid(Gross)	Nature of Employment, Whether Contractual or otherwise	Last Employment	% of equity share held	Whether employee is relative of any Director or Manager
Sunvinder Singh	President	Completed Honors in Systems Management from NIIT, Delhi	47	26	03-Oct-18	1,56,00,000	Permanent	Monsoon Accessorize Pvt ltd (Urban Craft P Ltd, India Sourcing office)	0	NO

Note: There are No employees employed for part of the year and in receipt of remuneration of ₹ 8.5 lakh or more per month.

DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20:

Name of Person	Category of Director	Ratio to Median remuneration of employees
Dr. A P Bhupatkar	Independent Director	0.85 : 1
Mr. Ashok Kumar Sanghi	Independent Director	0.85 : 1
Mr. Ashok Kumar. Chhabra	Independent Director	0.85 : 1

Note: Except sitting fees paid to the Independent Directors, none of the other directors are drawing remuneration from the Company.

(ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial Year 2019-20 are as under:

(₹ in Lacs)

Sl. No.	Name of Director/KMP and Designation	Remuneration for FY 2019-20	% Increase in remuneration in 2019-20
1.	Mr. Omprakash Makam S. Setty – Chief Executive Officer	81.91	0.00
2.	Mr. Ajai Singh – Chief Financial Officer	203.42	0.00
3.	Mr. B. Chandra Sekhara Reddy – Company Secretary	53.47	6.30%

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(iii) The percentage increase in the median remuneration of employees of the Company for the Financial Year 2019-20

The median remuneration of the employees in the Financial Year 2019-20 was increased by 13.04% as compared to the financial year 2018-19.

(iv) The number of permanent employees on the rolls of Company as on 31st March, 2020.

There were 149 permanent employees on the rolls of the Company as on 31st March, 2020.

(v) The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentile increase in the Salaries of employees excluding the managerial personnel for Financial Year 2019-20 was 12.30%

The average percentile increase in the remuneration of managerial personnel in the last financial year was 0.00

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.

Remuneration paid during the year ended 31st March, 2020 is as per the Remuneration policy of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 is annexed as 'Annexure-VI' to this report.

BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 1000 listed entities based on market capitalization. In compliance with the Regulations, BRR is presented in a separate section, forming part of the Annual Report. The BRR contains a detailed report on Business Responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Union Ministry of Corporate Affairs.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

At present, your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd is Company's Registrars and Share Transfer Agent (RTA) as common agency both for physical and demat shares, as required under Securities Contract (Regulation) Act, 1956. The contact detail of RTA forms part of the Corporate Governance Report.

GREEN INITIATIVES

Your Company has continued its initiative with the aim of going green and minimizing our impact on the environment.

Electronic copies of the Annual Report for Financial year 2019-20 along with Notice of the 09th Annual General Meeting are sent to all members whose email addresses are registered with the Company/RTA/Depository Participant(s) and also uploaded on the website of the Company i.e., www.pdsmultinational.com. Further, as per General Circular No. 20/2020 dated 5th May, 2020 issued by Ministry of Corporate Affairs, in view of the prevailing situation of Covid-19, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements shall be sent only by email to the members and to all other persons so entitled.

ACKNOWLEDGEMENT

The Directors of your Company are thankful to Bankers, Business Associates, Customers, Members; Government Bodies & Regulators for the continuous support received from them and place on record the employees' appreciation for the sincere services rendered by them at all level.

For and on behalf of the Board
PDS MULTINATIONAL FASHIONS LIMITED

(DEEPAK SETH)
DIRECTOR
DIN:00003021

(PAYEL SETH)
DIRECTOR
DIN:00003035

Place: Bengaluru
Date: 10th July, 2020