

INFORMATION MEMORANDUM



PDS MULTINATIONAL FASHIONS LIMITED

(Corporate Identification Number: U18101DL2011PLC217162)

(Incorporated as a public limited company on April 6, 2011 under the Companies Act, 1956 and got Certificate of Commencement of Business on, May 11, 2011)

Registered Office: A-3, Community Center, Naraina Industrial Area, Phase-II, New Delhi – 110028.

Corporate Office: No. 2339; Krishna Complex; 2nd Floor, 17th Cross, HSR Lay Out, Sector-1 Bangalore – 560102

Tel.: +91-080-67653030;

E-mail: mukesh@pdsmultinational.com; ckishore@pdsmultinational.com

Website: www.pdsmultinational.com.

Contact Person: Mr. Mukesh Kumar

INFORMATION MEMORANDUM FOR THE LISTING OF 2,60,46,724 EQUITY SHARES OF Rs. 10/- EACH (FULLY PAID) PURSUANT TO THE SCHEME OF ARRANGEMENT

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest in the equity shares of PDS Multinational Fashions Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of PDS Multinational Fashions Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors of this Information Memorandum.

ISSUER'S ABSOLUTE RESPONSIBILITY

PDS Multinational Fashions Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to PDS Multinational Fashions Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of PDS Multinational Fashions Limited are proposed to be listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company has submitted this Information Memorandum with BSE & NSE and the same is also available on the Company's Website www.pdsmultinational.com. The Information Memorandum would also be made available on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

REGISTRAR AND TRANSFER AGENT



REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-1,
New Delhi - 110028.

Tel.: (011) 41410592, 93, 94 **Fax:** (011) 41410591

E-mail: delhi@linkintime.co.in

Contact Person: Mr. V. M. Joshi

SEBI Registration No.: INR000004058.

TABLE OF CONTENTS

TITLE	PAGE NO.
SECTION – 1 GENERAL	4
DEFINITIONS AND ABBREVIATIONS	4
CERTAIN CONVENTIONS, USE OF MARKET DATA	6
FORWARD LOOKING STATEMENTS	6
SECTION – 2 RISK FACTORS	8
INTERNAL RISK	8
EXTERNAL RISK	14
SECTION – 3 SUMMARY	18
GENERAL INFORMATION	18
INDUSTRY STRUCTURE AND BUSINESS	22
OUR PRMOTERS AND MANAGEMENT OF THE COMPANY	27
CAPITAL STRUCTURE	30
OBJECTS AND RATIONALE OF THE SCHEME	46
SAILENT FEATURES OF THE SCHEME	47
STATEMENT OF TAX SPECIAL BENEFITS	55
CURRENCY OF PRESENTATION	65
DIVIDEND POLICY	65
SECTION – 4 FINANCIAL INFORMATION	66
FINANCIAL STATEMENT OF THE COMPANY	68
FINANCIAL AND OTHER INFORMATION OF GROUP COMPANIES, SUBSIDIARY COMPANIES AND STEPDOWN SUBSIDIARY COMPANIES	136
MANAGEMENT DISCUSSION AND ANALYSIS	171
SECTION – 5 LEGAL AND OTHER INFORMATION	174
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	174
GOVERNMENT APPROVALS	177
SECTION – 6 REGULATORY AND STATUTORY DISCLOSURES	178
REGULATORY AND STATUTORY DISCLOSURES	178
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY	181
SECTION – 7 OTHER INFORMATION	219
DOCUMENTS FOR INSPECTION	219
DECLARATION	219

SECTION – 1 GENERAL

DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Term	Description
PDS or “Company” or “Our Company” or “we” or “us” or “our” or “Resulting Company”	PDS Multinational Fashions Limited, a public limited company having its registered office at A-3, Community Center, Naraina Industrial Area, Phase-II New Delhi – 110028
PGIL or “Demerged Company” or “Transferor Company”	Pearl Global Industries Limited, a public limited company incorporated under the Companies Act, 1956 having its registered office situated at A-3, Community Center, Naraina Industrial Area, Phase-II New Delhi – 110028
Demerged Undertaking	Sourcing, Distribution and Marketing business of the Demerged Company
Residual Undertaking	All the business, undertakings and divisions of the Demerged Company other than the Demerged Undertaking transferred to and vested in PDS

Conventional and General Terms

Term	Description
Act/Companies Act	The Companies Act, 1956 and amendments thereto and the Companies Act, 2013 (to the extent notified)
Appointed Date	1 st April, 2012
Articles/ Articles of Association	Articles of Association of PDS Multinational Fashions Limited
Auditors	The Statutory Auditors of PDS Multinational Fashions Limited
Banker(s) to the Company	The Bankers of PDS Multinational Fashions Limited
Board of Directors or Board or Directors	The Board of Directors of PDS Multinational Fashions Limited
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
DSE	Designated Stock Exchange
Depositories Act	The Depositories Act, 1996 and amendments thereto
DP	Depository Participant
Effective Date	Effective date means 13 th May 2014, the date on which the certified or the authenticated copy of order of the Hon'ble High Court of Delhi under Section 391 to 394 of the Companies Act, 1956 sanctioning the scheme was filed with Registrar of Companies, at NCT of Delhi and Haryana
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Rs. 10/- each

Financial year/Fiscal/ FY	The twelve months ended March 31 of a particular year
HUF	Hindu Undivided Family
I. T. Act	The Income-tax Act, 1961, as amended from time to time, except as stated otherwise
Information Memorandum	This document as filed with the Stock Exchanges is known as and, referred to as the Information Memorandum
Memorandum/ Memorandum of Association	The Memorandum of Association of PDS Multinational Fashions Limited
NAV	Net Asset Value
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PDS	PDS Multinational Fashions Limited
PGIL	Pearl Global Industries Limited
RBI	Reserve Bank of India
Record Date	Record Date means 2 nd June, 2014, the date fixed by the Board of Directors of Demerged Company for the purpose of determining the entitlement of equity shareholders of the demerged company to equity shares of the Resulting Company pursuant to the scheme, as approved by the Hon'ble High Court of Delhi vide order dated 10 th March 2014 and certified true copy of order issued dated 25 th April 2014
ROC	The Registrar of Companies NCT of Delhi & Haryana
RTA	Registrar and Transfer Agent which is M/s. Link In time India Private Ltd.
SDM	Sales Distribution and Marketing Division
Scheme of Arrangement / Scheme / Demerger	Scheme of Arrangement between Pearl Global Industries Limited and PDS Multinational Fashions Limited for demerger of Sales Distribution & Marketing Division of Pearl Global Industries Limited into PDS Multinational Fashions Limited.
SCRA	Securities Contracts (Regulation) Act, 1956 and amendment thereto
SCRR	Securities Contracts Regulation (Rules), 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	Extant Regulations issued by SEBI, constituted under the SEBI Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
UK/England/U.K	United Kingdom of Great Britain and Northern Ireland
US/USA/U.S	United States of America

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our restated financial statements. Our financial year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve month period ended March 31 of that year.

In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms” of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD LOOKING STATEMENTS

This Information Memorandum includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, and similar expressions or variations of such expressions, that are “forward looking statements”.

Our forward looking statements contain information regarding, among other things, our financial condition, future plans and business strategy. We have based these forward looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- General political, social and economic conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Change in the value of Rupees and other currency changes;
- Strikes/lockout or work stoppages by our employees or contractual employees;
- Increasing competition in, and the conditions of, the Indian industry;
- Changes in government policies;
- Foreign direct investment policies, affecting the industry generally in India;
- Accidents and natural disasters; and
- Other factors beyond our control.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page 8 of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry” and “Business”.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION – 2 RISK FACTORS

RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

Introduction:

This is only a summary with Risk Factors related to investment in shares of the Company. The investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Internal Risk Factors

1. We face significant competition in our business

We face significant competition as we compete with many domestic and foreign apparel manufacturers, some of which are significantly larger and have greater financial, distribution, marketing and other resources than us. This may result in lower sales prices for our products and decreased profit margins. Sales of our products are affected by a variety of factors, including:

- Price;
- Product quality;
- Design and Development; and
- Delivery time

We believe that the apparel industry will continue to be highly competitive and that the level of competition may intensify in the future. There can be no assurance that we will be able to compete successfully against present or future competitors or that competitive pressures faced by us will not have a material adverse effect on our business and results of operations.

2. We are subject to a number of risks inherent in doing business internationally

We conduct our business and sell our products globally. Currently, we have operations in fifteen countries outside India and sell our products primarily in five countries. A significant number of our employees are located outside India. In addition, we source many of our products from third-party manufacturers based in China, Bangladesh, Sri Lanka, Turkey, and India. Significant contribution to our sales to date comes from customers in the U.K and Europe.

As a result of our expanding international operations, we are subject to risks in establishing and conducting operations internationally, including:

- Currency fluctuations;

- Cost structures and cultural and language factors associated with managing and coordinating our global operations;
- Compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- Trade restrictions, exchange controls and currency restrictions;
- Credit risks;
- Exposure to expropriation or other government actions; and
- Political, economic and social instability.

The cost of complying with government regulations can be substantial. For our business operations, we are required to obtain licenses and approvals from different government agencies. In the countries where we export our products, we are required to obtain licenses and other approvals to establish and maintain a subsidiary or a sales agency, conduct sales and marketing activities and other activities related to the sale of our products in such countries. There can be long delays in obtaining the required clearances from regulatory authorities in any country after applications are filed. Any failure or delay in obtaining regulatory approvals and licenses and any onerous conditions on such licenses or approvals could adversely affect our business, financial condition and our results of operations.

In addition, the import of our products may be subject to tariff and non-tariff barriers in their countries of destination. We can provide no assurance that the import of our products will not be subject to such regulatory actions in the future.

Transactions between us and our overseas subsidiaries may also be subject to Indian and foreign withholding taxes. Applicable tax rates in jurisdictions outside India differ from those in India. We may not be able to manage our global operations in a tax efficient manner or derive benefits from tax exemptions, which may adversely affect our financial condition and results of operations.

3. We face several risks associated with the implementation of new projects and acquisitions.

As a part of our growth strategy, we expand into other associated product categories, regions, brands etc. to make investments related to the expansion of our production capacity, acquire existing brands in the U.K or the U.S, and enter the retail sector in India and outside India.

Accordingly, we may pursue strategic acquisitions of, or alliances with, other companies engaged in the manufacture, sale and/or distribution of apparel products. Our success in relation to such acquisitions and expansions will depend on, among other things, our ability to identify appropriate acquisition candidates and negotiate favorable financial and other terms.

The process of integrating acquired operations into the Company's existing operations or our planned entry in new initiatives may result in unforeseen operating difficulties. In particular, continued expansion increases the challenges involved in:

- Recruiting, training and retaining sufficient skilled management, employees and marketing personnel;
- Obtaining any consents or authorizations that may be required in respect of our integrated operations;
- Adhering to quality and process execution standards that meet customer expectations;
- Developing and preserving a uniform culture, values and work environment in our operations; and

- Developing and improving our internal administrative infrastructure, including our financial, operational, communications and other internal systems.

There can be no assurance that we will be able to effectively integrate or manage our expanded operations or maintain our existing operations. Future acquisitions by us or the implementation of the proposed retail initiatives could also result in the incurrence of additional debt and contingent liabilities, which could have a material adverse effect on our financial condition and results of operations.

4. We have recently applied for registration of our trademark ‘PDS Multinational Fashions Ltd’. Until such registrations are granted, we may not be able to prevent other persons from using the trademarks or logo.

We have made various application for registration of the PDS Multinational Fashions Ltd. and subsidiaries associated logo, under the Indian Trade Marks Act, 1999 (“Trade Marks Act”) under Class 20, 24 and 25 of the Trade Marks Act and other various countries. We may not be able to prohibit other persons from using the trademarks or logos.

5. Our sales are highly dependent on customers located in U.K, Europe and US Economic slowdowns or factors that affect the economic health of the countries may adversely affect our business.

In last few years, almost all of our sales have been to customers located in UK, Europe and US. The apparel industry is highly dependent upon the overall level of consumer spending. If the current economic condition in the above countries does not improve substantially or if there is any substantial reduction in the levels of discretionary spending our customers may significantly reduce or postpone their imports from us, which may in turn lower the demand for our products.

6. A significant portion of our revenues comes from a limited number of buyers. An adverse change in a customer relationship or in a customer’s performance or financial position could harm our business and financial condition.

Certain customers are material to our business and operations. TESCO, ASDA Wal-Mart, Matalan, Primark, Sainsbury, DUNNES, MAX, Zara, Next, River Island and Arcadia are among our largest customers and accounted for a significant portion of our revenues in fiscal year. Since we do not have long-term sales contracts with customers and are not an exclusive supplier to our large customers, our revenues from our major customers may vary from year to year and from quarter to quarter. If we were to lose one or more of our major customers or if any one of our large customers significantly reduced its business with us or became financially troubled, our business, financial condition and results of operations would be materially and adversely affected. We believe that there is a current trend among our major customers to concentrate purchasing among a Smaller group of vendors. If any of our key customers reduces its number of vendors and consequently does not purchase from us, there may be a material adverse effect on us. Moreover, the global retail industry is now sourcing an increasing amount of its requirements from selected strategic vendors that demonstrate capabilities in respect of innovative product designs, quality manufacturing, effective inventory management, efficient logistics infrastructure, secured supply of raw materials, effective technologies and systems and compliance with ethical norms. While we have been identified as a strategic vendor by few of our customers, there can be no assurance that we will continue to be considered a strategic vendor for our current and future customers, which could have a material adverse effect on our business. Furthermore, consolidation and other ownership changes in the global retail industry could result in centralized purchasing decisions and the ability of customers to exercise greater leverage over suppliers like us. Continued consolidation in the industry could adversely affect our business, financial condition and results of operations. We may also become more vulnerable to deterioration in the financial condition of, or other adverse

developments related to, one or more of our customers. In addition, if one of our customers were acquired by a non-customer, our business with that customer could be reduced or terminated.

7. We do not have long-term contracts with our customers.

While we have been dealing with some of our customers for several years, we do not have any long-term contracts with them. As a result, customers can terminate their relationships with us due to a change in vendor preference or any other reason upon relatively short notice, which could materially and adversely impact our business.

8. Our customers prescribe various quality and other standards with which we are required to comply.

Our customers prescribe stringent standards and guidelines in relation to timeliness of deliveries, quality, confidentiality, labour standards and intellectual property and conduct periodic audits to ensure compliance with these standards. Any non-compliance on our behalf with respect to such customer requirements and dissatisfaction by customers during their audit checks can lead to loss of customers or decrease in their volume of business to us, which may adversely affect our business and results of operations.

9. Our inability to promptly identify and respond to changing customer preferences or evolving fashion trends may decrease the demand for our products among our customers, which would adversely affect our business.

The apparel business is characterized by constant product innovation due to changing consumer preferences and evolving fashion trends. To compete successfully in the apparel industry, we must be able to identify and respond to changing consumer demands and tastes in advance of customer orders, as well as operate within substantial production and delivery constraints. Changes in product mix impacts our operating results and our margins. For example, in the past, we have experienced an increasing trend in the sale of knitted garments, although there can be no assurance that this will continue. One of our strategies is to leverage our strength in design to supply high-end apparel products. While our design experts are strategically located at some of the leading fashion centers in the world and we regularly introduce new designs, we cannot assure you that our designs will gain buyer acceptance and we will always be able to achieve internationally competitive design capabilities to meet customer expectations. In addition, we must be able to retain and continue to attract a talented design team and we may not be successful in our efforts. Failure to identify and respond to changes in consumer preferences could, among other things, limit our ability to differentiate our products, adversely affect consumer acceptance of our products, and lower sales and gross margins. Any of these factors could have a material adverse effect on our business and results of operations.

10. We may be unable to effectively manage our rapid growth in infrastructure, personnel and customer.

We currently operate modern ready-to-wear apparel company in the business of designing, distribution, marketing, and sourcing of garments and accessories thereof. We have a network of over 300 factories which have been technically and ethically audited to international standards. We are a design driven business and offer strong product development services to our customers. Our broad spectrum of customers includes value retailers, such as TESCO, ASDA Wal-Mart, Matalan, Primark, Sainsbury, DUNNES, MAX, Zara, Next, River Island and Arcadia. Our inability to manage such rapid expansion effectively or to ensure the continued adequacy of our current systems could have a material adverse effect on our business.

11. The Company has entered into certain business transactions with related parties.

We have entered into transactions with several related parties, including our Promoters and Directors. For more information regarding our related party transactions, see the disclosure on related party transactions contained in the Company's restated consolidated financial statements.

12. Our business is dependent on third-party manufacturing units. The loss of or shutdown of operations of our third-party manufacturing units may have a material adverse effect on our business, financial condition and results of operations.

We source products from approximately 300 factories operated by third-parties located in Bangladesh, China, Sri Lanka, Turkey and India, who may also supply apparel to other vendors that compete with us. These manufacturing units are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs continued availability of services of our external contractors, earthquakes, floods and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. While we take precautions to minimize the risk of any significant operational or other problems at these facilities, our business, financial condition and results of operations may be adversely affected by any unexpected disruption or interruption of operations at these facilities.

13. There may be possible conflicts of interest between us and the entities forming part of our Promoter group or with entities in which our Directors are interested.

The object clauses as contained in the memorandum of association of some of the companies forming part of the Promoter group enable them to carry on the business of manufacturing, distribution and branding of garments and establishing, operating and managing retail outlets. Although a significant portion of our operations is in geographic locations distinct from those in which our Promoter group companies are conducting business, we may still compete with these entities for business. As a result, there may be conflicts of interest between us and the Promoter group companies in addressing business opportunities and strategies. In addition, some of our Directors are also directors on the boards of our Promoter group companies or other companies engaged in, or whose memorandum of association enable them to engage in, the same line of business as us. These overlapping directorships could create conflicts of interest between us and the Promoter group companies or other entities.

14. Fluctuations in the price, availability and quality of raw materials could cause delay and increase costs.

We rely on third-party suppliers for fabric and other raw materials. Fluctuations in the price, availability and quality of the fabrics or other raw materials used by us in our manufactured apparel could have a material adverse effect on our cost of sales or our ability to meet our customers' demands. The prices for such fabrics depend largely on the market prices for the raw materials used to produce them, particularly cotton. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including crop yields and weather patterns. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

Further, our suppliers of fabrics and other raw materials may allocate their resources to service other clients ahead of us. While we believe that we could find additional vendors to produce these fabrics and other raw materials, any failure of our suppliers to deliver these fabrics and

raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our ability to deliver orders on time and at the desired level of quality. As a result, we may lose a customer or incur contractual penalties or liabilities for failure to perform contracts, which could have a material adverse effect on our business, financial condition and results of operations.

15. Our success depends on our ability to attract and retain high quality personnel.

Our success depends on the continued services and performance of the members of our management team and other key employees, such as our designers, whose talent we believe provides us with a significant competitive advantage. Competition for senior management and key personnel in the industry is intense, and we may not be able to retain our existing senior management or key personnel or attract and retain new senior management or key personnel in the future. The loss of the services of our senior management or key personnel could seriously impair our ability to continue to manage and expand our business. We do not maintain key man life insurance for most of our Promoters, senior members of our management team or other key personnel.

16. We may face labour disruptions and other planned and unplanned outages that would interfere with our operations.

The production function of our third party manufacturing factories is labour intensive. Strikes and other labour action may have an adverse impact on their operations, though we have not experienced any such significant labour disruption in the past. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future.

Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business, results of operations or financial. In addition, work stoppages, refurbishments, accidents or sustained bad weather at our third party factories could result in production losses and delays in delivery of our products, which may adversely affect our operations and profitability.

17. Changes in technology may hamper our business.

The apparel industry has experienced rapid improvements in technology and sophistication in apparel production equipment. The use of modern technology and automation in apparel manufacturing processes is essential to reduce costs and accelerate execution. Although we strive to work with such third party units who keep their technology, plants and machinery current with the latest international technological standards, but the technologies, plants and machinery currently employed by them may become obsolete. We may find it difficult and costly to shift the production to new third party units while the existing third party units implement new technology and upgrade their machines.

18. Our insurance coverage may not adequately protect us against all possible losses.

Our operations are subject to hazards and risks inherent in distribution processes. While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks and are subject to exclusions and deductibles. If we suffer a large uninsured loss or any insured loss suffered by us significantly exceeds our insurance coverage, our business financial condition and results of operations may be materially and adversely affected.

19. The Company relies on its Subsidiaries to generate earnings, and any decline in the earnings of its Subsidiaries or their ability to pay dividends to the Company could materially and adversely affect the Company's earnings.

Currently, the Company has limited supply and distribution operations and conducts a significant portion of its operations through its direct or indirect Subsidiaries. A substantial portion of the Company's assets are held by, and a substantial part of its earnings and cash flows are attributable to, its Subsidiaries. If earnings from the Subsidiaries were to decline, the Company's earnings and cash flow would be materially and adversely affected. We cannot assure you that the Subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable us to meet our obligations, pay interest and expenses or declare dividends.

20. Any further issuance of Equity Shares by the Company or sales of the Equity Shares by any of our significant shareholders could adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by the Company could dilute your shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders could also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares

External Risk Factors

1. A slowdown in economic growth in India could cause our business to suffer.

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Shares. The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Shares could be adversely affected.

2. Because a significant portion of our revenues, costs and debt service obligations are denominated in U.S dollars, Pound sterling and other foreign currencies, currency exchange rate fluctuations may adversely affect our financial condition and results of operations.

We have foreign currency exposure related to foreign denominated revenues, including export sales and costs, and costs of imported raw materials and equipment. We also face exchange rate risks to the extent that our debt repayments are denominated in currencies other than Indian Rupees. We consider hedging arrangements on a case by case basis in light of current conditions in the financial markets and our relative exposure. Any significant change in currency exchange rates which we have not hedged against could result in a material adverse impact on our results of operations.

3. We and our customers may be subject to liability and negative publicity if our third-party manufacturers violate labour laws or engage in practices that our customers believe are unethical.

We face the risk of violation of applicable labour or other laws and regulations by our third-party manufacturers, or the divergence of a third-party manufacturer's labour practices from those generally accepted as ethical in the countries where we export our products. While we seek to require our third-party manufacturers to operate their businesses in compliance with the laws and regulations that apply to them and our sourcing personnel periodically visit and monitor the operations of our third-party manufacturers, we do not control these vendors or their labour or other practices. If a third-party manufacturer violates labour laws or other applicable regulations, or if such a manufacturer engages in labour or other practices that diverge from those typically acceptable in the U.S or Europe, we could be subject to liability or experience negative publicity, which could materially adversely affect the attractiveness of our products and services to our customers and our business.

4. There may be changes in the international trade regulations and the regulatory framework in jurisdictions where we operate that could adversely affect our business.

The countries in which our products are manufactured or into which they are imported may from time to time impose additional new quotas, duties, tariffs and requirements as to where raw materials must be purchased, additional workplace regulations, or other restrictions on our imports or adversely modify existing restrictions. Adverse changes in these costs and restrictions could harm our business. Further, our operations may become subject to international trade agreements and regulations. While these trade agreements may benefit our business by reducing or eliminating the duties assessed on products manufactured in a particular country, these trade agreements can also impose requirements that negatively affect our business. We cannot assure you that future trade agreements will not increase our costs, which could have a material adverse effect on our business, results of operations or financial condition. The statutory and regulatory framework for the Indian apparel industry may also change in the next few years.

We presently do not know what the nature or extent of the changes will be and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations.

5. Our ability to export garments may be adversely affected by the imposition of, or increase in the rate of, anti-subsidy or anti-dumping duties.

Any change in the duty structure that reduces our current ability to export garments to the U.S and the European Union (EU) without the imposition of anti-dumping duties may have an adverse effect on our net revenues.

6. Increasing wages and costs of raw materials in India and other developing countries where we operate may erode some of our competitive advantage and may reduce our profit margins.

Wages and costs of raw materials in India and other developing countries where we operate have historically been significantly lower than those in the U.S and Western Europe. We have capitalized on the low labour costs in developing countries by setting up sourcing facilities in Bangladesh, Sri Lanka, China, Turkey and India. However, wage increases and increases in costs of raw materials in these countries may erode some of our competitive advantage and may negatively affect our profit margins.

7. Terrorist attacks or war or conflicts involving countries in which we operate or where our customers are located could adversely affect the financial markets and adversely affect our business.

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the U.S. and the EU, or other countries, such as Bangladesh, Sri Lanka, China, and Turkey, in which we have operations, may adversely affect Indian and worldwide financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighboring countries. Also, some of India's neighboring countries have experienced, or are currently experiencing internal unrest. Such social or civil unrest or hostilities could disrupt communications and adversely affect the economy of such countries. Such events could also create a perception that investments in companies such as ours involve a higher degree of risk than investments in companies in other countries. This, in turn, could have a material adverse effect on the market for securities of such companies, including our Equity Shares. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

8. Natural calamities could have a negative impact on the Indian and other economies and harm the Company's business.

India, Bangladesh, Sri Lanka, China, Turkey and other countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of Avian flu. The extent and severity of these natural disasters and pandemics determines their impact on these economies. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the economies in which we have operations, which could adversely affect our business and the price of our Equity Shares.

9. We will need final listing and trading approvals from the BSE and the NSE before trading commences. An active market for the Equity Shares may not develop, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

Except for the shares issued at the time of incorporation of the Company, the Equity Shares proposed for listing herewith are new issues of securities. The Equity Shares of the Company are currently not traded on any stock exchange. Our Company will apply to the BSE and NSE for listing and trading approvals after the allotment of the Equity Shares in the Issue. There can be no assurance that we will receive such approvals on time or at all. Also, no assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their initial offering price.

10. Fluctuations in operating results and other factors may result in decreases in our Equity Share price.

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Equity Shares. There may be significant volatility in the market price of our Equity Shares. If we are unable to operate profitably or as profitably as we have in the past, investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our Equity

Shares. In addition to our operating results, the operating results of other apparel companies, changes in financial estimates or recommendations by analysts, governmental investigations and litigation, speculation in the press or investment community, the possible effects of a war, terrorist and other hostilities, adverse weather conditions, changes in general conditions in the economy or the financial markets, or other developments affecting the apparel industry, could cause the market price of our Equity Shares to be issued to fluctuate substantially.

SECTION – 3 SUMMARY

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial results included else wherein this Information Memorandum.

GENERAL INFORMATION

Our Company was originally incorporated on 6th day of April, 2011 under the Companies Act, 1956 having its registered office at A-3, Community Center, Naraina Industrial Area, Phase-II, New Delhi – 110028.

Main Objects of the Company

1. To carry on the business as manufacturers, processors, traders, importers, exporters, buyers, sellers, marketers, showroom owners, general commission agents, dealers, distributors, brokers, wholesalers retailers, exchangers, franchise traders, stockiest, jobbers, processors, fabricators or otherwise deal in all kinds of garments.
2. To carry on the business of manufacturers, fabricators, importers and exporters, wholesale and retail dealers of and in men's, women's and children's clothing and wearing apparel of every kind, nature and description including shirts, bush-shirts, pyjama suits, vest, underwears, suits, foundation garments for ladies dresses, brasses, bras series, maternity belts, knee caps, coats, panties, nighties and so on.
3. To carry on the business of manufacturers, importers and exporters, wholesale and retail dealers of and in hosiery goods of every kind, nature and description, for men, women and children including vest, underwear, socks, stockings, sweaters, laces and so on and of all or anything which is used in hosiery goods.
4. To carry on the business as manufacturers, traders, dealers and exporters of all kinds of fibres and yarn man-made or otherwise, textiles and textile materials natural or otherwise.
5. To carry on the business of preparing, spinning, doubling, weaving, combing, scouring, sizing, mixing, twisting, bleaching, coloring, knitting, dying, printing and finishing whatever fibres or textile substances or any substitute for any of them."

Commencement of New Business from Other Object Clause of Memorandum of Association by PDS:

The shareholders of the company passed special resolution on 19th September 2012 in accordance with Section 149 (2A) of the Companies Act, 1956 to commence the following business as prescribed under clause 3 of "Other Objects clause" of the Memorandum of Association of the company:

6. "To act as financial consultants, management consultants, and provide advice, services, consultancy in various fields, general, administrative, secretarial, commercial, financial, legal, economic, labour industrial, public relations, scientific, technical, direct and indirect taxation and other levies, statistical, accountancy, quality control and data processing."

Changes in Memorandum of Association Since Company's Inception:

Since Incorporation, the following changes have been made in the Memorandum of Association:

Sr. No.	Date	Particulars
1.	At the time of Incorporation	NIL
2.	At the time of Record Date	Alteration of Capital Clause by Increasing Authorized Share capital From Rs. 50 Lacs to 27 Crore vide shareholder resolution dated 26 th April 2014

Changes in Articles of Association Since Company's Inception:

Since Incorporation, there is no change in Articles of Association:

Sr. No.	Date	Particulars
1.	At the time of Incorporation	NIL
2.	At the time of Record Date	NIL

Registered Office of the Company:

PDS Multinational Fashions Limited
A-3, Community Center,
Naraina Industrial Area, Phase-II,
New Delhi– 110028.

Corporate Identification Number (CIN): U18101DL2011PLC217162

Corporate Office of the Company

No. 2339; Krishna Complex;
2nd Floor, 17th Cross, HSR Lay Out,
Sector - 1, Bangalore – 560102
Tel.:+91-080-67653030;
E-mail:mukesh@pdsmultinational.com; ckishore@pdsmultinational.com
Contact Person: Mr. Mukesh Kumar, Mr. Chandra Kishore Jha
Website:www.pdsmultinational.com

Address of the Registrar & Transfer Agents of Company

Link Intime India Private Limited

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-1,
New Delhi - 110028.
Tel.: (011) 41410592, 93, 94 **Fax:** (011) 41410591
E-mail: delhi@linkintime.co.in
E-mail: delhi@linkintime.com
Contact Person: Mr. V. M. Joshi

Authority of Listing

The Hon'ble High Court of Delhi, vide its order dated 10th March, 2014 and Certified true copy of the order dated 25th April, 2014 has approved the Scheme of Arrangement between Pearl Global Industries Limited and PDS Multinational Fashions Limited and their respective shareholders and creditors, for demerger of the Sourcing, Distribution and Marketing Division (called as "Demerged Undertaking") of Pearl Global Industries Limited and further merger of the Demerged Undertaking into PDS Multinational Fashions Limited on such terms and conditions as set out in the Section

titled “**OBJECTS AND RATIONALE OF THE SCHEME**”. In accordance with the Scheme, the entire Demerged Undertaking stands transferred to and vested with PDS Multinational Fashions Limited pursuant to Sections 391 to 394 of the Act. In accordance with the Scheme, the Equity Shares of the PDS shall be issued to the existing shareholders of PGIL in the manner as provided in the Scheme and further be listed and admitted for trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment of listing criteria of BSE and NSE by the Company for such issues and, also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III & IV of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended does not become applicable. However, SEBI has vide its circular CIR/CFD/DIL/8/2013 dated May 21, 2013; CIR/CFD/DIL/5/2013 dated February 4, 2013 and SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009, relaxed the applicability of provisions of Regulation 19(2)(b) of the SCRR on such conditions which has been fulfilled by the Company. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com and www.nseindia.com.

The Company has made the said Information Memorandum available on its website viz. www.pdsmultinational.com.

The Company has published an advertisement in the newspapers containing its details in line with the details required as in terms of SEBI Circular CIR/CFD/DIL/8/2013 dated May 21, 2013; CIR/CFD/DIL/5/2013 dated February 4, 2013; SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009. The advertisement has been published in Business Standard (English and Hindi) on 24th September, 2014 and draws specific reference to the availability of this Information Memorandum on the Company's website.

Prohibition by SEBI

The Company, its Directors, its Promoters, other Companies promoted by the Promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of CIR/CFD/DIL/8/2013 dated May 21, 2013; CIR/CFD/DIL/5/2013 dated February 4, 2013; SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009, or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Auditors

S.R. Dinodia & Co.,
Chartered Accountants,
K-39, Connaught Place,
New Delhi – 110001
Tel No.: +91 11 43703300
Fax No.: + 91 11 41513666

Email: sandeepdinodia@srdinodia.com

Bankers to the Company

Axis Bank Ltd.
HSR Layout, Bangalore-560102, Karnataka

Axis Bank Ltd.
DLF Gurgaon, Haryana-122009

Compliance Officer

Mr. Mukesh Kumar

INDUSTRY STRUCTURE & BUSINESS

The information in this section is derived from various publicly available sources, government publications and other industry sources. This information has not been independently verified by us, or our respective legal or financial advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Industry Overview

Ready to wear apparel industry is providing one of the most basic needs of people and holds importance in maintaining sustained growth for improving quality of life.

Introduction

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a vital role through its contribution to industrial output, employment generation, and the export earnings of the country.

The sector contributes about 14 per cent to industrial production; 4 per cent to the country's gross domestic product (GDP); 17 per cent to export earnings. It is the second largest provider of employment after agriculture and provides direct employment to over 35 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

Market Size

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub.

The most significant change in the Indian textile industry has been the advent of Man-Made Fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production increased by 6 per cent during December 2013. The production increased by about 4 per cent during the year April-December 2013.

Cotton yarn production increased by 6 per cent during December 2013 and by 10 per cent during April-December 2013. Blended and 100 per cent non-cotton yarn production increased by 5 per cent during December 2013 and increased by 8 per cent during the year April-December 2013.

Cloth production by mill sector increased by 4 per cent during December 2013 and by 6 per cent during April-December 2013. Cloth production by handloom, and hosiery increased by 3 per cent and 11 per cent respectively during December 2013. Production by handloom, and hosiery sectors increased by 4 per cent and 13 per cent during April-December 2013. The total cloth production grew by 2 per cent during April-December 2013.

The potential size of the Indian textile and apparel industry is expected to reach US\$ 221 billion by 2021, according to Technopak's Textile and Apparel Compendium 2012.

Garment exports from India is expected to touch US\$ 60 billion over the next 3 years, with the help of government support, said Dr A Sakthivel, Chairman, Apparel Export Promotion Council (AEPC).

Investments

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted foreign direct investments (FDI) worth Rs 6,428.18 crore (US\$ 1.03 billion) during April 2000 to November 2013.

References: Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, Press Information Bureau

Global Prospects of Ready to Wear Apparel Industry

McKinsey & Co. reports that the garment sector could triple by 2020, employing six million people. This depicts that the productivity of the industry may rise as it moves towards high value exports.

The report provides that, even though, at present, the menswear has a majority share in the apparel market (43 per cent) and is growing at 9 per cent, women's wear is growing at a higher rate of 12 per cent and is expected to reach 43 per cent share in 2020 from the current 37 per cent of the market. Apart from this, kids' wear is growing rapidly with higher growth in girl's wear (11 per cent) than boys wear (10 per cent).

The report further provides that, the global textile and apparel trade is recovering after the recession of 2008-09, and is expected to reach \$1 trillion by 2020 from \$510 billion now. The growth in trade is driven by increased outsourcing of western / developed countries towards lower cost countries in Asia.

In accordance with the report, it is important for the industry to identify and create new mega clusters. There was need for collaborative and aggressive entrepreneurship, increasing scale through mergers and acquisitions, divestments and bringing forth positive outlook for the industry to attract the best managerial and operational talent to provide further impetus for growth within the industry.

Over all Ready to Wear Market Segments:

The Overall industry has following Market Segments:

Men's Wear

The world market for menswear is expected to exceed \$402 billion in 2014, according to latest research reports. This represents market expansion of over 14% during a five-year period. The leading segment within the menswear industry is comprised of clothing and footwear specialists, which represents close to 60% of the overall market in terms of value. The Americas represent almost 35% of the global market.

Women's Wear

The global women's clothing industry is expected to exceed \$621 billion in 2014, marking a 12% increase in five years. Clothing retailers account for the largest share of the market at almost 65% in terms of value. The EU represents more than 35% of the global market, which encompasses formalwear, essentials, active wear, outerwear and casual wear.

Children's Wear

The world children's wear market is expected to exceed \$186 billion in 2014, marking a 15% increase in five years, according to latest reports. The Americas hold under 40% of global market.

Importance of Global Buyer/ Retailers in Ready to Wear Apparel Industry

The ready to wear apparel industry is the quintessential example of a buyer-driven commodity chain marked by power asymmetries (irregularities) between the suppliers and global buyers of final apparel products. Global buyers determine what is to be produced, where, by whom, and at what price. In most cases, these lead firms outsource manufacturing to a global network of contract manufacturers in developing countries that offer the most competitive rates. Lead firms include retailers and brand owners and are typically headquartered in the leading markets—Europe, Japan, and the United States. These firms tend to perform the most valuable activities in the apparel value chain—design, branding, and marketing of products—and in most cases, they outsource the manufacturing process to a global network of suppliers. Like all global industries, the apparel value chain relies on international standards to coordinate the activities of suppliers. Factory performance is measured regularly, and delivery, quality, and price are tracked over time. It is common for firms to be certified by multiple buyer brands, such as Walmart, Ralph Lauren.

Since the global retailers have been evaluating the number of countries and suppliers with whom they work. The global retailers are increasingly ranking their suppliers to identify vendors capable of becoming “strategic partners”. The key criterion being used by global retailers to rank their vendors include among others:

- Flexibility to offer products direct from factory or landed delivered
- Ability to offer multi-country manufacturing facilities in order to spread geo-political risk
- Ability to offer design input and product development skills
- Broad product line across casual, woven, knitted garments and sweaters
- Track record of on-time delivery, fulfillment of order and quality performance, and
- Ethical business practices

In select instances, global retailers have formed a “Supplier Council” comprising its top suppliers, which serves as a “Board of Advisors” to their sourcing teams, and provides guidance in development of long-term sourcing strategies.

Difficulties of ready to wear apparel industry

Poor Human Capital

This industry faces the biggest shortcoming of having poor skilled and/or trained human resources, which impedes productivity growth. It is a major reason for most developing countries inability to take full advantage of trade liberalization. In many countries the industry depends on Expats to take care of the management and technical service which leads to increase operational cost and therefore, they face a threat of their survival. This has a significant impact on industry competitiveness.

Poor Quality of Infrastructure

Most of the developing countries face the poor quality of infrastructure, whether dilapidated roads or ports, or antiquated telecommunications networks or power supply. This adds to the cost of doing business. Most developing countries face these problems, but the degree may differ from country to country. Infrastructure is a major constraint in some of the countries like Philippines and Indonesia, India, Bangladesh and the situation in African and South Asian countries is arguably worse.

According to the OECD (2004), companies suffer cost disadvantage in shipping container give arises delay in productivity.

Limited Trade Facilitation Measures

Trade facilitation is defined as the simplification and harmonization of international trade procedures. These procedures encompass the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade. Industrial Development for the 21st Century Procedural hurdles can be corrected with adjustments in customs rules and formalities .However, efforts in this direction have been extremely limited, particularly in South Asia and Sub-Saharan Africa where total time taken for import reaches 46.5 and 60.5 days, respectively, against the best performing country's(Denmark) average of five days.

High Costs of Inputs

Except for countries with vertically integrated production structures, most developing countries have to rely on imported fabrics and accessories in the process of production. The absence of a vertically integrated production structure may not be a major disadvantage provided the inputs can be obtained in a short time period at international prices. Many countries allow the import of inputs to be used for export processing at reduced or even zero duty rates. In order to ensure that the inputs are actually used for manufacturing exportable items, several governments have made use of a bonded warehouse facility. This system can, however, be burdened with bureaucratic problems. The exporters who have not exported for a year the industry have faced administrative hassles to benefit from this facility. Even for regular exporters, refunds are not delivered in time and take more than 30 days to process from the date of the claim.

Limited access to finance

Access to credit, especially for small and medium-sized enterprises, is a major problem in many Asian and African countries that hinders the prospect of unleashing entrepreneurial potential. Due to the time and hassle involved in recovering loans in the event of default, and generally the high level of non-performing assets, financial institutions exercise extra caution while lending. Accordingly, they do not consider small enterprises and/or those enterprises with limited ability to provide collateral security as creditworthy. Consequently, these enterprises have to finance the majority of their operations through internal resources or rely on informal sources of funding, which tend to be extremely costly.

Business of the Company

We are a multinational, ready-to-wear apparel company operating in the business of designing, distribution, marketing, and sourcing of and accessories thereof. We provide total supply chain solutions to our customers, which include value retailers as well as high-end fashion brand retailers around the world including Europe. Our multi-stream business model enables us to offer multi-country, multi-gender and multi-product options to our global customers. We strive to achieve the highest standards of service and meet the needs of international businesses by providing competitive new designs, pricing, quality, and reliable delivery. By leveraging our global networks, market knowledge, and advanced technology and information systems, we have the capacity and flexibility to respond rapidly to evolving consumer trends. We believe these capabilities make us a preferred vendor for garment retailers around the world. The Company's services cover the entire supply chain through three distinct yet interconnected Business Networks: design & product development, trading, marketing and distribution and sourcing of garments.

The current business of our Company was originally started through Pearl Global Industries Ltd, (formerly known as House of Pearl Fashions Ltd.) which began its operations in 1987 with one

facility at Gurgaon, India. Over the years, we expanded and spread our business beyond India by setting up a sourcing business in Hong Kong with sourcing offices in Sri Lanka, Bangladesh, Turkey and China, marketing and distribution businesses across the globe including in Europe, United State, Canada, Australia, Spain, France, Brazil, Chile etc. The offices are operated through various subsidiaries and group companies incorporated in respective countries or through its branch offices where ever required.

Our marketing and merchandizing teams that interact with our customers at their locations, which help us to better, understand our customers' requirements. We believe that our integrated global business model positions us to take advantage of synergies in product design, development, marketing, distribution and sourcing of our ready-to-wear apparel products. We leverage the competitive advantages of each location to optimize value for our customers, while maximizing our gross margins. We also seek to cater to our customers' needs of competitive pricing, quality, on-time delivery and compliance with global labour practices. Our broad spectrum of customers includes value retailers, such as TESCO, ASDA Wal-Mart, Matalan, Primark, Sainsbury, DUNNES, MAX, Zara, Next, River Island, Arcadia. We have also developed strong relationships with over 300 third-party manufacturing units in Sri Lanka, Bangladesh, India, China and Turkey, which we have nurtured over the years. We seek to source garments efficiently and cost effectively for our customers by matching a product order from our customer with our most competitive third-party manufacturing unit. The sourcing offices employ approximately 2800 personnel, who manage businesses with these units. We manage the quality of goods manufactured by them, timely shipment of inventory, local and international logistics and export documentation on behalf of our customers.

Our Company has excellent capability in design and product development through a strong team of in the sourcing subsidiaries approximately 150 employees in our design and product development departments. They work in close co-ordination with the business teams to provide suitable and innovate design to the customers.

We also have fully accredited labs in Bangladesh which is ISO/IEC 17025 and mini labs in all other sourcing locations. This in-house facility helps us to save time in testing the quality of fabric and garments. We own a warehouse in U.K. We also have third party tie-up warehouses in various parts of Europe and US. We are linked to most of our customers' inventory systems and are capable of delivering garments based on our customers' requirements across all their warehouses.

Our group company PGIL has strong manufacturing based in India, Bangladesh, Indonesia and United States. It also has fabric development centres in China and India as well as design and product development teams in U.K, U.S., India and Hong Kong. The fabric development teams circulate the latest fabric ideas to all the designers who develop a product profile.

We employ approximately 1750 full time employees across the world. We have a diversified management team with management personnel drawn from across our locations, including India, Hong Kong, Bangladesh, Sri Lanka, China, Europe and the U.S. We believe our global operations and multi-cultural environment allow us to offer our global customers a broader choice of apparel products, designs and styles than our competitors. We also believe that our strict compliance with international quality and labour standards through systematic inspection, audit and education have resulted in increased customer growth.

OUR PROMOTERS AND THE MANAGEMENT OF THE COMPANY

Promoters

Initially the Company was promoted by Pearl Global Industries Limited. However, consequent upon allotment of shares pursuant to the approved Scheme of Arrangement approved by the Hon'ble High Court of Delhi, the following person are core Promoter of the Company:

Promoters:

SI No.	Name, Father's Name, DIN, Date of Birth, and Address
1	<p>Name - Mr. Deepak Seth</p> <p>Father's Name - Late Shri M. L. Seth</p> <p>DIN –00003021</p> <p>Z2530281</p> <p>Date of Birth –22/05/1951</p> <p>Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India</p>
2	<p>Name - Mrs. Payel Seth</p> <p>Father's Name - Late Shri Badri Nath Pershad</p> <p>DIN – 00003035</p> <p>Passport No.: Z1877173</p> <p>Date of Birth – 29/05/1958</p> <p>Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India</p>
3	<p>Name - Mr. Pallak Seth</p> <p>Father's Name – Mr. Deepak Seth</p> <p>DIN – 00003040</p> <p>Passport No.: Z2183913</p> <p>Date of Birth – 13/08/1977</p> <p>Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India</p>
4	<p>Name –Mr. Pulkrit Seth</p> <p>Father's Name – Mr. Deepak Seth</p> <p>DIN – 00003044</p> <p>Passport No.: Z2069597</p> <p>Date of Birth – 05/02/1980</p> <p>Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India</p>

Directors

Name, Father's Name, DIN, Date of Birth, and Address	Designation	Date of Appointment	Directorship in other Companies
Name - Mr. Deepak Seth Father's Name - Late Shri M. L. Seth DIN –00003021 Passport No.: Z2530281 Date of Birth –22/05/1951 Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India	Director	06.04.2011	1. Nim International Commerce Pvt. Ltd. 2. Pearl Retail Solutions Pvt. Ltd. 3. PS Arts Pvt. Ltd. 4. Pearl Global Industries Ltd.
Name - Mrs. Payel Seth Father's Name - Late Shri Badri Nath Pershad DIN – 00003035 Passport No.: Z1877173 Date of Birth – 29/05/1958 Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India	Director	06.04.2011	1. Nim International Commerce Pvt. Ltd 2. Lerros Fashions India Limited
Name - Mr. Pallak Seth Father's Name – Mr. Deepak Seth DIN – 00003040 Passport No.: Z2183913 Date of Birth – 13/08/1977 Address - 9 Avenue Ashok, Rajokri, New Delhi-110038, Delhi, India	Director	06.04.2011	1. Nim International Commerce Pvt. Ltd
Name –Mr. Ashok Kumar Sanghi Father's Name – Mr.Tara Chand Sanghi DIN – 00011207 Passport No.: E6069339 Date of Birth – 15/12/1950 Address - A-126, Inderpuri, New	Director	26.05.2014	1. Tritco Engineering Training and Consultancy Pvt. Ltd. 2. B2B Management Solutions Pvt. Ltd. 3. Shri Lakshi Textile-Park Ltd

Delhi-110012			
Name - Mr. Ashok Kumar Chhabra Father's Name – Mr. Raj Bahadur DIN – 06869497 Passport No.: F2391277 Date of Birth – 04/03/1952 Address – C-9-9735, Vasant Kunj, New Delhi - 110070	Director	26.05.2014	Nil
Name - Mr. A.P. Bupatkar Father's Name – Mr. Prabhudas Ramchandra Buptakar DIN – 01854934 Passport No.: F3439156 Date of Birth – 01/02/1951 Address – Director Quarters, IMDR Deccan Gymkhana, Pune – 411004, India	Director	26.05.2014	Twin Engineers Private Limited

Brief Profile of Directors:

Deepak Seth

Deepak Seth, 62 years is the Group Chairman of the Company which is an integrated, efficient Ready to Wear supply chain involved in manufacturing, distribution, branding and retailing. He has a Bachelor of Economics from St. Stephens College, Delhi University and holds a MBA degree from Jamanalal Bajaj Institute of Management Studies, Mumbai, India. He is an active member of the Apparel Export Promotion Council of India and held the post of “Vice Chairman” of the Eastern Region of AEPC for 2 years, He is also an executive member of the Apparel Exporters & Manufacturers Association (AEMA) and was awarded the “Udyog Ratna” Award by the Haryana Govt. in 2006 for his entrepreneurial skills.

Payel Seth

Payel Seth, 55 years, graduated from the Pearl Academy of Fashion in July 1996. She is associate with the group as a Promoter Director since incorporation and having rich experience in designing and retailing in Indian and western Garments, Jewellery and Accessories. She is 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.

Her retail initiative includes the establishment of a retail stores in India. She has also been actively involved in the education and Corporate Social Responsibility (CSR) initiatives of the Group.

Pallak Seth

Pallak Seth, 36 years has a Bachelor of Arts Degree in Economics and International Business and graduated with Magna Cum Laude distinction in 1998 from Northwestern University, in Evanston, Illinois, USA. Pallak heads PDS Multinational Group's strategy and development initiatives. He is currently the Vice Chairman and Managing Director of PDS Multinational Group. He has launched House of Pearl Fashions' design sourcing and distribution business in 1999 with establishment of Norwest Industries Ltd. in Hong Kong.

Ashok Kumar Sanghi

Mr. Ashok Kumar Sanghi, 64 years has a Bachelor Degree in Science and Masters in Management from Jamnalal Bajaj Institute of Management, Mumbai.

Mr. Sanghi currently involves in Project Management Consultancy, which provides services related to Detailed Architectural Engineering Design, Loan Syndication for various infrastructure projects under the Ministry of Textiles and Ministry of Electronics, Government of India.

Further, Mr. Sanghi is also visiting as a professor at Bhartiya Vidya Bhawan, Delhi for their MBA classes and Teaching Entrepreneurship, Corporate Social Responsibility and Ethics.

Ashok Kumar Chhabra

Mr. Ashok Kumar Chhabra born on 4th March, 1952, is a bachelor in Law. He practicing advocate since 1974 in the High Court and Supreme Court in Civil, Company, Services, Labour, Arbitration, Corporate Matters etc. Mr. Ashok Kumar has served as legal Adviser to MMTC, Pearl Group of Companies, Nestle India and others.

A.P. Bupatkar

Dr. A.P. Bhupatkar, born on 1st February, 1951, is a bachelor in commerce degree from Pune University, a master in Management Studies from Bombay University and a Doctorate in Organizational Studies from Pune University. He has over 15 years experience in the textile industry. He was the head of the Institute of Management Development and Research, Pune for 16 years.

Shareholding of Directors as on Date:

Name of Directors	Number of Shares Held	% of Total Shares
Mr. Deepak Seth	1853399	7.12
Mrs. Payel Seth	11819846	45.38
Mr. Pallak Seth	1581175	6.07
Mr. Ashok Kumar Sanghi	Nil	Nil
Mr. Ashok Kumar Chhabra	Nil	Nil
Mr. A. P Bhupatkar	1	0.00

The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement and the details are as follows:

a) Composition of Board of Directors

Name of Directors	Category
Mr. Deepak Seth	Non Executive Chairman

Mrs. Payel Seth	Managing Director
Mr. Pallak Seth	Director
Dr. Ashutosh P Bhupatkar	Independent Director
Mr. Ashok Kumar Chhabra	Independent Director
Mr. Ashok Kumar Sanghi	Independent Director

b) Composition of Audit Committee

The Composition of the Audit Committee is as under:

Name of Directors	Category
Dr. Ashutosh P Bhupatkar	Chairman
Mr. Deepak Seth	Member
Mr. Ashok Kumar Sanghi	Member

c) Composition of Stakeholders Relationship Committee

Name of Directors	Category
Mr. Ashok Kumar Chhabra	Chairman
Mr. Deepak Seth	Member
Mr. Ashok Kumar Sanghi	Member

d) Composition of Nomination and Remuneration Committee

Name of Directors	Category
Mr. Ashok Kumar Sanghi	Chairman
Mr. Ashok Kumar Chhabra	Member
Dr. Ashutosh P Bhupatkar	Member

CAPITAL STRUCTURE

Share Capital	₹ in Cr.
Authorised Share Capital 2,70,00,000.Equity Shares @ ₹ 10/- per share	27.00
Issued Subscribed And Paid-Up Capital 2,60,46,724.Equity Shares @ ₹ 10/- per share	26.05
Number of Equity Shares issued as per scheme of arrangement approved by the Hon'ble High Court of Delhi 2,59,96,724.Equity Shares @ ₹ 10/- per share	25.97
Equity Share Capital after Implementation of Scheme 2,60,46,724 Equity Shares @ ₹ 10/- per share	26.05

Details of Changes in Authorised Share Capital:

Date	No. of Shares	Face Value (₹)	Authorized Share Capital (₹)	Particulars
06.04.2011	5,00,000	10/-	50,00,000	On Incorporation
26.04.2014	2,70,00,000	10/-	27,00,00,000	The Authorised Capital of the Company has been increased As per the order passed

				by the Hon'ble High Court Delhi under scheme demerger by following the process of section 94 and 97 of Erstwhile Companies Act 1956, (Corresponding Section of 13 and 61 of the Companies Act 2013)
--	--	--	--	---

Notes to the Capital Structure

1. Details of Paid Up Capital Structure of the Company since inception are as follows:

Date of Allotment	No. of Shares	Cumulative No. of Shares	Face Value (Rs)	Issue Price (Rs)	Cumulative Paid-up Capital (Rs)	Nature of Allotment/ Remarks	Consideration
06.04.2011	50000	50000	10	10	5,00,000	Subscribers of MOA	Cash
05.06.2014	2,59,96,724	2,60,46,724	10	10	26,04,67,240	Consequent upon order passed by the Hon'ble High Court Delhi on 10 th March 2014 and certified true copy issued on 25 th April, 2014 under the Scheme of Arrangement	Transfer of SDM Business (Demerged Undertaking as per the approved Scheme of Arrangement)

2. Shareholding Pattern of the company Pre and Post the scheme of Arrangement:

A. Shareholding Pattern of PDS at Incorporation prior to allotment of Shares pursuant to the scheme of arrangement

Shareholding Pattern (Pre Allotment of Shares as per Scheme of Arrangement)
Introductory sub-table (I)(a)

Partly paid-up shares:-	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities:-	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	50000	100%	

(I)(a) Statement showing Shareholding Pattern

Statement Showing Shareholding Pattern								
			Table (I)(a)					
Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B)	Number of shares	As a percentage

PDS Multinational Fashions Limited – Information Memorandum

(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group²							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	2	2	0	0.004	0.004	0	0
(b)	Central Government/ State Government(s)	0	0	0	0.000	0.000	0	0
(c)	Bodies Corporate	1	49994	0	99.988	99.988	0	0
(d)	Financial Institutions/ Banks	0	0	0	0.000	0.000	0	0
(e)	Any Others(Specify)							
(e-i)	Directors & their relatives	2	2	0	0.004	0.004	0	0
	Sub Total(A)(1)	5	49998	0	99.996	99.996	0	0
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	2	2	0	0.004	0.004	0	0
b	Bodies Corporate	0	0	0	0.000	0.000	0	0
c	Institutions	0	0	0	0.000	0.000	0	0
d	Qualified Foreign Investor	0	0	0	0.000	0.000	0	0

e	Any Others(Specify)	0	0	0	0.000	0.000	0	0
	Sub Total(A)(2)	2	2	0	0.004	0.004	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	50000	0	100.000	100.000	0	0
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	0	0	0	0.000	0.000	0	0
(b)	Financial Institutions / Banks	0	0	0	0.000	0.000	0	0
(c)	Central Government/ State Government(s)	0	0	0	0.000	0.000	0	0
(d)	Venture Capital Funds	0	0	0	0.000	0.000	0	0
(e)	Insurance Companies	0	0	0	0.000	0.000	0	0
(f)	Foreign Institutional Investors	0	0	0	0.000	0.000	0	0
(g)	Foreign Venture	0	0	0	0.000	0.000	0	0

PDS Multinational Fashions Limited – Information Memorandum

	Capital Investors							
(h)	Qualified Foreign Investor	0	0	0	0.000	0.000	0	0
(i)	Any Other (specify)	0	0	0	0.000	0.000	0	0
	Sub-Total (B)(1)	0	0	0	0	0	0	0
B 2	Non-institutions							
(a)	Bodies Corporate	0	0	0	0.000	0.000	0	0
(b)	Individuals	0	0	0	0.000	0.000	0	0
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	0	0	0	0.000	0.000	0	0
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0.000	0.000	0	0
(c)	Qualified Foreign Investor	0	0	0	0.000	0.000	0	0
(d)	Any Other (specify)	0	0	0	0.000	0.000	0	0

	Sub-Total (B)(2)	0	0	0	0	0	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0
	TOTAL (A)+(B)	7	50000	0	100.000	100.000	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group	0	0	0	0.000	0.000	0	0
2	Public	0	0	0	0.000	0.000	0	0
	Sub-Total (C)	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	7	50000	0	100.00	100.00	0	0

(I)(b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”

Sr. No.	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		Number of shares held	As a % of grand total (A)+(B)+(C)	No.	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)	(VII I)	(IX)	(X)	(XI)	(XII)
1	Mrs. Payal Seth	1	0.002	0	0.00	0	0	0.00	0	0.00	0
2	Mr. Deepak Seth (NRI)	1	0.002	0	0.00	0	0	0.00	0	0.00	0
3	Mr. Pallak Seth (NRI)	1	0.002	0	0.00	0	0	0.00	0	0.00	0
4	Pearl Global Industries Ltd	49994	99.988	0	0.00	0	0	0.00	0	0.00	0
5	Mr. Pulkit Seth	1	0.002	0	0.00	0	0	0.00	0	0.00	0
6	Dr. Ashutosh P Bapatkar	1	0.002	0	0.00	0	0	0.00	0	0.00	0
7	Mrs. Kusum Malik	1	0.002	0	0.00	0	0	0.00	0	0.00	0
TOTAL		50000	100.000	0	0.00	0	0	0.00	0	0.00	0

(I)(c)(i) Statement showing Shareholding of persons belonging to the category “Public and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants	Details of convertible securities	Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
---------	-------------------------	-----------------------	--	---------------------	-----------------------------------	--

				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1		0	0.00	0	0.00	0	0.00	0
TOTAL		0	0.00	0	0.00	0	0.00	0

(I)(c)(ii) Statement showing Shareholding of persons belonging to the category “Public and holding more than 5% of the total number of shares

Sr. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1		0	0.00	0	0.00	0	0.00	0
TOTAL		0	0.00	0	0.00	0	0.00	0

(I)(d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1		0	0.00
TOTAL		0	0.00

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1		0	0	0.00
TOTAL		0	0	0.00

(II)(b) Statement showing holding of Depository Receipts (DRs), where underlying shares held by ‘promoter/promoter group’ are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1			0	0.00
TOTAL			0	0.00

B. Shareholding Pattern of PDS post scheme of arrangement

(I)(A) STATEMENT SHOWING SHAREHOLDING PATTERN (POST - SCHEME OF ARRANGEMENT)

NAME OF THE COMPANY : PDS MULTINATIONAL FASHIONS LIMITED
SCRIP CODE, NAME OF THE SCRIP, CLASS OF SECURITY : : BSE----- ; NSE ----- ; EQUITY
AS ON DATE :

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up Shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of Warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Total paid-up capital of the company, assuming full conversion of warrants and convertible securities	26046724	100.00%	

(I)(a) Statement showing Shareholding Pattern

Sr. no.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A) Promoter and Promoter Group								
(1) Indian								
(a)	Individuals/Hindu Undivided Family	5	262797	262797	1.00894	1.00894	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00000	0.00000	0	0.00000
(c)	Bodies Corporate	2	50030	50030	0.19208	0.19208	0	0.00000
(d)	Financial Institutions/Banks	0	0	0	0.00000	0.00000	0	0.00000
(e)	Any Other							
(e1)	Directors & their relatives	3	13612485	13612485	52.26179	52.26179	0	0.00000
	Sub-Total (A)(1)	10	13925312	13925312	53.46282	53.46282	0	0.00000
(2) Foreign								
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	(1) Directors and their relatives	4	3434574	3434574	13.18620	13.18620	0	0.00
	Sub-Total (A)(2)	4	3434574	3434574	13.18620	13.18620	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	14	17359886	17359886	66.64902	66.64902	0	0.00

(B) Public shareholding								
(1) Institutions								
(a)	Mutual Funds/UTI	1	1034677	1034677	3.97239	3.97239	N.A.	N.A.
(b)	Financial Institutions/Banks	5	73393	73314	0.28177	0.28177	N.A.	N.A.

(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Venture Capital Funds	0	0	0	0.00	0.00	N.A.	N.A.
(e)	Insurance Companies	2	615998	615998	2.36497	2.36497	N.A.	N.A.
(f)	Foreign Institutional Investors	3	913282	913282	3.50632	3.50632	N.A.	N.A.
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	N.A.	N.A.
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
	Sub-Total (B)(1)	11	2637350	2637271	10.12546	10.12546	N.A.	N.A.
(2)	Non-institutions							
(a)	Bodies Corporate	257	495793	494760	1.90348	1.90348	N.A.	N.A.
(b)	Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To Rs. 1 Lakh.	22559	2427294	2250469	9.31900	9.31900	N.A.	N.A.
	Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh	37	2260004	2260004	8.67673	8.67673	N.A.	N.A.
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Any Other	0	0	0	0	0	N.A.	N.A.
(d1)	Clearing Members	21	4813	4813	0.01848	0.01848	N.A.	N.A.
(d2)	Hindu Undivided Families	916	356653	356653	1.36928	1.36928	N.A.	N.A.
(d3)	Non Residents Indians	171	114012	84672	0.43772	0.43772	N.A.	N.A.
(d4)	Foreign Corporate Bodies	1	390727	0	1.50010	1.50010	N.A.	N.A.
(d5)	Trusts	1	192	192	0.00074	0.00074	N.A.	N.A.
	Sub-Total (B)(2)	23963	6049488	5451563	23.22552	23.22552	N.A.	N.A.
	Total Public Shareholding (B)= (B)(1)+(B)(2)	23974	8686838	8088834	33.35098	33.35098	N.A.	N.A.
	TOTAL (A)+(B)	23988	26046724	25448720	100.0000	100.0000	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	N.A.	0.00	N.A.	N.A.
C1	Promoter and Promoter Group	0	0	0	N.A.	0.00	N.A.	N.A.
C2	Public	0	0	0	N.A.	0.00	N.A.	N.A.
	GRAND TOTAL (A)+(B)+(C)	23988	26046724	25448720	100.0000	100.0000	0	0.00

(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No. (I)	Name of the shareholder (II)	PAN of the Shareholder (III)	Total Shares held		Shares pledged or otherwise encumbered			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital (XIII)
			Number (IV)	as a % of grand total (A) + (B) + (C) (V)	Number (VI)	as a percentage (VII) = (VI) / (IV)*100	as a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VIII)	Number of warrants held (XI)	As a % total number of warrants of the same class (X)	Number of convertible securities held (XI)	As a % total number of convertible securities of the same class (XII)	
1	Mrs. Payel Seth	AABPS1006M	11819846	45.3794	0	0.00	0.00	0	0.00	0	0.00	0.00
2	Mr. Pulkit Seth	AJDPS7131A	1813661	6.96311	0	0.00	0.00	0	0.00	0	0.00	0.00
3	Mr. Deepak Seth (NRI)	AABPS2568Q	1853399	7.11567	0	0.00	0.00	0	0.00	0	0.00	0.00
4	Mr. Pallak Seth (NRI)	ACXPS6333B	1581175	6.07053	0	0.00	0.00	0	0.00	0	0.00	0.00
5	Mr. Sunil Pal Seth	AAYP2173A	241737	0.92809	0	0.00	0.00	0	0.00	0	0.00	0.00
6	Mrs. Shefali Seth	BEMPS3185K	36	0.00014	0	0.00	0.00	0	0.00	0	0.00	0.00
7	Nim International Commerce Pvt. Ltd.	AAACN1035H	36	0.00014	0	0.00	0.00	0	0.00	0	0.00	0.00
8	Pearl Global Industries Limited	AAACM0175F	49994	0.19194	0	0.00	0.00	0	0.00	0	0.00	0.00
9	Dr. Ashutosh P Bhupatkar	AJHPB3458K	1	0.00000	0	0.00	0.00	0.00	0	0.00	0.00	0.00
10	Mrs. Kusum Malik	AAAPM4494N	1	0.00000	0	0.00	0.00	0.00	0	0.00	0.00	0.00
	TOTAL		17359886	66.64902	0	0.00	0.00	0	0.00	0	0.00	0.00

I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted
					Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	General Insurance Corporation of India	AAACG0615N	307999	1.18249	0	0	0	0	0
2	Life Insurance Corporation of India	AAACL0582H	307999	1.18249	0	0	0	0	0
3	Reliance Capital Trustee Co. Ltd.- Reliance Long Term Equity Fund	AAATR0090B	1034677	3.97239	0	0	0	0	0
4	Sanjiv Dhiresbhai Shah	ADGPS0244P	724385	2.78110	0	0	0	0	0
5	Cresta Fund Ltd.	AADCC2634A	307446	1.18036	0	0	0	0	0
6	Premier investment fund limited	AACCP9387L	393580	1.51105					
7	Lesing Mauritius Limited	TMPN000001	390727	1.50010	0	0	0	0	0
	TOTAL		3466813	13.30998	0	0.00	0	0.00	0

I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 5% of the total number of shares

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted
					Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
	TOTAL		0	0.00	0	0.00	0	0.00	0.00

(I)(d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	PAN of the Shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Mrs. Payel Seth	AABPS1006M	407341	1.56
2.	Mr. Sunil Pal Seth	AAYPS2173A	241737	0.93
	TOTAL		649078	2.49

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
	TOTAL	0	0	0.00

(II)(b) Statement showing holding of Depository Receipts (DRs), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
		TOTAL	0	0.00

Notes to Shareholding Pattern:**a. Top ten shareholders (other than Promoter and Promoter Group) and number of Equity Shares held by them as on the date of Information Memorandum**

S. No	Name of the shareholder	No of Shares	Shares as a percentage of total number of shares
1.	General Insurance Corporation of India	307999	1.18
2.	Life Insurance Corporation of India	307999	1.18
3.	Reliance Capital Trustee Co. Ltd.- Reliance Long Term Equity Fund	1034677	3.97
4.	Sanjiv Dhireshbhai Shah	724385	2.78
5.	Cresta Fund Ltd.	307446	1.18
6.	Premier investment fund limited	393580	1.51
7.	Lesing Mauritius Limited	390727	1.50
8.	Bhagwanji Manji Patel	224178	0.86
9.	LTS Investment Fund Ltd	212256	0.81
10.	Chetan D Shah HUF	179404	0.69

b. Top ten shareholders 10 days prior to the date of the Information Memorandum:

S. No	Name of the shareholder	No of Shares	Shares as a percentage of total number of shares
1	Mrs. Payel Seth	11819846	45.3794
2	Mr. Deepak Seth (NRI)	1853399	7.11
3	Mr. Pulkit Seth	1813661	6.96
4	Mr. Pallak Seth (NRI)	1581175	6.07
5	Relaince Capital Trustee Co Ltd-Reliance Long	1034677	3.97
6	Sanjiv Dhireshbhai Shah	724385	2.96
7	Premier Investment Fund Limited	393580	1.51
8	Lesing Mauritius Limited	390727	1.50
9	General Insurance Corporation of India	307999	1.18
10	Life Insurance Corporation of India	307999	1.18

c. Shareholders of the Company as on the date of Incorporation :

S. No	Name of the shareholder	No of Shares	Shares as a percentage of total number of shares at the time of incorporation
1	Pearl Global Industries Ltd. (formerly known House of Pearl Fashions Ltd.)	49,994	99.99%
2	Mr Deepak Seth (As a Nominee of Pearl Global	1	

	Industries Ltd.)		
3	Mr. Pallak Seth (As a Nominee of Pearl Global Industries Ltd.)	1	
4	Mrs. Payel Seth (As a Nominee of Pearl Global Industries Ltd.)	1	
5	Mr. Ashutosh Prabhudas Bhupatkar (As a Nominee of Pearl Global Industries Ltd.)	1	
6	Mrs. Kusum Malik (As a Nominee of Pearl Global Industries Ltd.)	1	
7	Deepak Seth & Sons (HUF)#	1	

Shares of Deepak Seth & Sons(HUF) was transferred to Mr. Pulkit Seth as Nominee of Pearl Global Industries Ltd. on November 30, 2012.

OBJECTS AND RATIONALE OF THE SCHEME

Background of the Demerged Company

Pearl Global Industries Limited (hereinafter referred to as “PGIL”), is a public limited company incorporated on 5th of July, 1989 under the Companies Act, 1956 having its registered office situated at A-3, Community Center, Naraina Industrial Area, Phase-II, New Delhi – 110028. PGIL was incorporated on July 5, 1989 as Mina Estates Private Limited, a private limited company, with the Registrar of Companies, NCT of Delhi and Haryana. Its name was changed to House of Pearl Fashions Private Limited with effect from June 19, 2006. Its name was further changed to House of Pearl Fashions Limited, with effect from July 31, 2006 consequent upon its conversion to a public limited company. The name of the Company was further changed to current name i.e. Pearl Global Industries Limited with effect from March 20th, 2012.

PGIL is engaged in the business of manufacturing, export, import and trading which includes sourcing, distribution and marketing of ready to wear garments.

The equity shares of PGIL are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange Limited (NSE).

Background of the Resulting Company

PDS Multinational Fashions Ltd. (hereinafter also referred to as “PDS”), is a public limited company incorporated on 6th of April, 2011 under the Companies Act, 1956 having its registered office situated at A-3, Community Center, Naraina Industrial Area, Phase-II New Delhi – 110028. PDS is the wholly owned subsidiary of PGIL and is inter – alia engaged in the business of trading which includes sourcing, distribution and marketing of ready to wear garments.

Purpose of the Scheme

- The Scheme of Arrangement is presented under Section 391 to Section 394 of the Companies Act, 1956 and other applicable laws for the demerger of Demerged Undertaking from PGIL and its subsequent merger/amalgamation with and into PDS.

- The scheme provides for the issue and allotment of shares of PDS to the shareholders of PGIL, as consideration for the transfer of the Demerged Undertaking from PGIL to PDS, and the subsequent listing of such shares on the Stock Exchanges.
- The scheme also provides for various other matters consequential or otherwise integrally connected with the transfer and vesting of the Demerged Undertaking from PGIL to PDS.

SALIENT FEATURES OF THE SCHEME PERTAINING TO DEMERGER OF DEMERGED UNDERTAKING FROM PGIL AND ITS SUBSEQUENT MERGER/AMALGAMATION WITH AND INTO PDS

- A) With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertaking comprising of all the assets and liabilities of whatsoever nature (movable or immovable) and wherever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to PDS, as a going concern in accordance with Section 2 (19AA) of the Income Tax Act, so as to become, as and from the Appointed Date, the assets and liabilities of PDS and all the rights, titles, interests or obligations of the said Undertaking therein shall be vested in PDS.
- B) With effect from the Appointed Date and upon the Scheme becoming effective, all the assets of the Demerged Undertaking which are movable in nature or incorporeal property or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, shall be so transferred, delivered or endorsed and delivered, as the case may be, by the Demerged Company, and shall upon transfer become the property and an integral part of the PDS. In respect of such of the said assets other than those referred to hereinabove, the same shall, without any further act, instrument or deed, be transferred to, and vested in, and/or be deemed to be transferred to and vested in the PDS.
- C) All movable properties of Demerged Undertaking as are intangible in nature (other than those specified in clause B above) including, without limitation, actionable claims, sundry debtors, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed be transferred to and vest in the PDS with effect from the Appointed Date, without any notice or other intimation to the debtors, although PDS may, if it so deems appropriate, give notice in such form as it may deem fit and proper to each of such person, debtor or depositor, as the case may be, that pursuant to the Hon'ble High Court of Delhi having sanctioned the Scheme, such debt, loan, advance, bank balance, deposit or other asset be paid or made good or held on account of PDS as the person entitled thereto, to the end and intent that the right of the PGIL to recover or realize all such debts (including the debts payable by such person or depositor to the PDS) stands transferred and assigned to PDS and that appropriate entries should be passed in their books to record the aforesaid change.
- D) For the purpose of giving effect to the order passed under Sections 391 to 394 of the Act, in respect of this Scheme, PDS shall at any time pursuant to the order sanctioning this Scheme, be entitled to get the records of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Demerged Undertaking in PDS
- E) All liabilities and obligations attributed to the Demerged Undertaking, including unsecured loans, taken over by PDS, may be discharged by PDS by way of one time settlement or in any other manner as PDS may deem fit.
- F) All debentures, bonds or other debt securities, if any, of PGIL, in relation to the Demerged

Undertaking whether convertible into equity or otherwise, shall on the Effective Date, be transferred to PDS.

- G) All encumbrances over the assets of the Demerged Undertakings in so far as to meet the liabilities of the Residual Undertaking, shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that they shall stand released and discharged from the obligations of the Demerged Undertaking and shall only extend to and continue to operate, against the assets retained by PGIL.
- H) Upon the Scheme becoming effective, PDS shall indemnify PGIL in relation to any claim, at any time, against PGIL in respect of the liabilities which have been transferred to it.
- I) Upon the Scheme becoming effective, the transfer of all the assets and liabilities of Demerged Undertaking to PDS and the continuance of all the contracts or legal proceedings by or against PGIL, in relation to the Demerged Undertaking, shall not affect any contract or proceeding relating to the said assets or the liabilities already concluded by PDS, on or after the Appointed Date till the Effective Date to the end and intent, such that PDS accepts and adopts all acts, deeds and things done, executed for and on behalf of the Demerged Undertaking by the PGIL, as acts, deeds and things done, executed for and on behalf of PDS.
- J) The Residual Undertaking shall continue its business as a part of PGIL.
- K) The Residual Undertaking and all its assets, liabilities and obligations thereto, shall continue to belong to and be vested with and be managed by PGIL.
- L) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against PGIL under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case, relating to the Residual Undertaking (including those relating to any property, right, liability, obligation or duties of PGIL) shall continue and be enforced by or against PGIL after the Effective Date.
- M) All the assets, properties and liabilities of the Demerged Undertaking shall be transferred to PDS at the values appearing in the books of PGIL at the close of business on 31st March 2012. For this purpose, any change in value of assets, consequent to their revaluation, if any, shall be ignored.
- N) Upon the Scheme becoming effective, all contracts, memorandum of understandings, tenders, bid documents, expressions of interest, deeds, bonds, agreements and other instruments of whatsoever nature ("Contracts") to which PGIL is a party, in relation of the Demerged Undertaking, subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of PDS and may be enforced as fully and as effectually as if, instead of PGIL, PDS had been a party thereto.
- O) With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses, registrations, trademarks, patents, copyrights, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Demerged Undertaking of PGIL, or to the benefit of which the Demerged Undertaking of the Demerged Company may be entitled, or having effect immediately before the Effective Date, shall be and remain in full force and effect in favor of or against PDS, as the case may be, and may be enforced fully and effectually as if, instead of PGIL, PDS had been a beneficiary or oblige thereto.
- P) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory license, permission or approval or consent required to carry on the operations of the Demerged

Undertaking of PGIL shall stand vested in or transferred to PDS without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of PDS. The benefit of all such statutory and regulatory permissions, licenses, approvals and consents including statutory licenses, approvals, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking of PGIL shall vest in and become available to PDS, pursuant to the Scheme.

- Q) PDS shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which PGIL will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.
- R) All legal proceedings of whatever nature by or against PGIL, in relation to the Demerged Undertaking, if pending, on the Effective Date, shall not abate, be discontinued or be in any way prejudicially affected by reason of the vesting of the Demerged Undertaking in PDS or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against PDS, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against PGIL, as if this Scheme had not been made.
- S) PDS undertakes to have all legal or other proceedings initiated by or against PGIL in relation to the Demerged Undertaking referred to in Clause Q above, transferred in its name and to have the same continued, prosecuted and enforced by or against PDS.
- T) Upon the Scheme becoming effective, all the staff, workmen and other employees engaged in the Demerged Undertaking of PGIL, if any, immediately before Effective Date shall become the staff, workmen and employees of PDS on the basis that:
- their service should have been continuous and should not have been interrupted by reason of the demerger; and
 - the terms and conditions of service applicable to the said staff, workmen or employees after such transfer, shall not in any way be less favorable to them than those applicable to them immediately before the transfer;
- U) Further, it is expressly provided that, on the Scheme becoming effective, the existing provident fund, gratuity fund, superannuation fund and any other special fund and/or schemes and trusts (collectively referred to as “Funds”), if any, created or existing for the benefits of the employees of PDS, for all purposes whatsoever in relation to the administration or operation of such funds/trusts/schemes or in relation to the obligation to make contributions to the said funds/trusts/schemes in accordance with the provisions thereof as per the terms provided in the agreements/deeds governing such funds/trusts/schemes, if any, to the end and intent that all rights, duties, powers and obligations of PGIL in relation to such funds/trusts/schemes shall become those of PDS. It is clarified that the services of the employees of PDS will be treated as having been continuous for the purpose of the said funds/trusts/schemes.

REORGANISATION OF CAPITAL & ISSUE OF EQUITY SHARES BY PDS

- A) After the Scheme comes into effect, in consideration of the demerger including the transfer and vesting of the Demerged Undertaking in the PDS, pursuant to the Scheme which deals with demerger of the Demerged Undertaking of PGIL and subsequent merger / amalgamation with and into PDS shall, without any further act or deed, issue and allot to each member of the PGIL whose names are recorded in the register of members of the PGIL on the Record date, equity shares in the PDS and the share capital of the PDS shall be restructured and reorganized in the manner set out herein below:

“Upon the coming into effect of the Scheme of Arrangement pursuant to Part II of the

Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each shareholder of the Demerged Company whose name is recorded in the register of members of the Demerged Company on the Record date, the equity shares of the Resulting Company in the Share Entitlement Ratio of 6 Equity Share in the Resulting Company of Rs.10/- credited as fully paid up for every 5 Equity Shares of Rs. 10 /- each fully paid up held by such shareholder in the Demerged Company. The Equity Shares so issued and allotted, shall rank pari - passu in all respects with the existing Equity Shares of the Resulting Company”.

- B) Upon coming into effect of this Scheme of Arrangement between the PGIL & PDS and pursuant to allotment of shares by PDS, as per the Share Exchange Ratio i.e. 6:5 calculated on the Net Asset Value Method, the share capital of PGIL shall stand reduced by reducing the Share Premium Account in accordance with Sections 100 of Companies Act, 1956, and other applicable provisions of the Act and the PGIL shall not be required to convene any separate meeting for that purpose. The order of the Hon'ble High Court of Delhi sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act.
- C) In case any Shareholder's holding in PGIL is such that the shareholder becomes entitled to a fraction of an equity share of PDS, PDS shall consolidate such fractions and issue consolidated equity shares to Directors/Promoters/Officers of PDS as the Board of Directors of PDS shall deem fit, who shall sell the same in the market after they are listed at the available price and pay the net proceed (after deduction of the expenses incurred) to PDS, whereupon PDS shall distribute the net sale proceeds to the shareholders respectively, entitled to the same, in proportion to their respective fractional entitlements in PDS.
- D) Upon the Scheme coming into effect, the issue and allotment of the shares as provided in this Scheme shall be carried out in accordance with the provisions of the Act. Each of the shareholders of PGIL holding shares in physical form shall have the option, exercisable by notice, in writing by them to PDS on or before the Record Date, to receive the shares of PDS, either in certificate form or in dematerialized form, in lieu of their shares in PGIL in accordance with the terms hereof. In the event that such notice has not been received by PDS in respect of any of the members of PGIL, the shares of PDS shall be issued to such members in physical form. Those of the members of PGIL who exercise the option to receive the shares in dematerialized form, shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such shareholders to PDS. It is only thereupon that PDS shall issue and directly credit the demat/dematerialized securities account of such member with the shares of PDS.
- E) Upon the Scheme coming into effect, the members of PGIL holding shares of PGIL in dematerialized form shall have the option, exercisable by a notice in writing by them to PDS on or prior to the Record Date, to receive the shares of PDS either in certificate form or in dematerialized form, in lieu of their shares in PGIL in accordance with the terms hereof. In the event that such notice has not been received by PDS in respect of any of the members of PGIL, the shares of PDS shall be issued to such members in dematerialized form as per the records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited in terms of Clause A above.
- F) Upon the coming into effect of this Scheme, the issue and allotment of new equity shares in PDS to the Shareholders of PGIL as provided in this Scheme, shall be deemed to have been carried out in compliance with the procedure laid down under applicable provisions, if any, of the Act and it is clarified that no separate approvals shall be obtained by PDS in this regard.
- G) For the purpose aforesaid, PDS shall, if and to the extent required, apply for and obtain any approvals including that of Reserve Bank of India under FEMA, Income Tax as well as under Companies Act 1956 (Companies Act, 2013) and other applicable laws.

- H) The entire Equity Share Capital of PDS including the New Equity Shares issued in terms hereof shall, subject to payment of the appropriate fee and approval of the respective stock exchange(s), be listed on recognized stock exchange(s) in India, where the shares of PGIL are already listed.
- I) The New Equity Shares in PDS allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchanges.
- J) There shall be no change in the shareholding pattern or control in PDS between the Record Date and the listing in the designated stock exchanges.
- K) Upon coming into effect of this Scheme and pursuant to the allotment of shares by PDS in terms of Clause A above, the existing share premium account of PGIL, amounting to Rs. 2,778,164,164/- shall be reduced to Rs. 1,710,389,823 /- shall be cancelled, forming an integral part of the Scheme, in accordance with provisions of Sections 100 to 103 of the Act and order of the Hon'ble High Court of Delhi sanctioning the Scheme, shall be deemed to be an order under section 102 of the Act, for the purpose of confirming the reduction in the share premium of the Demerged Company. The reduction in the share premium of PGIL, shall not involve any diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable in respect thereof.
- L) Upon coming into effect of this Scheme, no special resolution under section 81(1A) of the Act, shall be required to be passed by PDS separately in a General Meeting for issue of shares to the shareholders of PGIL under the Scheme and upon the members of PDS approving the Scheme, it shall be deemed that they have given their consent to the issue of shares of PDS to the shareholders of PGIL on the basis of the Share Entitlement Ratio.
- M) Upon coming into effect of this Scheme, where shares are to be allotted under this Clause to the heirs, executors or administrators or, as the case may be, to the successors of the deceased equity shareholders of PGIL, the concerned heirs, executors or administrators or, as the case may be, the successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the PDS.
- N) The shares proposed to be allotted pursuant to the Scheme shall be subject to the provisions of the Memorandum of Association and Articles of Association of PDS and shall rank *pari - pasu* with the existing shares of PDS, including the rights in respect of dividend and bonus shares, if declared by PDS on or after the Effective Date. as specified in below:
- PGIL shall not utilize the profits or income of Demerged Undertaking, if any, for the purpose of declaring or paying any dividend (whether interim or final) or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of PDS.
 - PDS shall not issue or allot, after the Appointed Date or the date of this Scheme being approved by the Board of Directors, whichever is later, any rights shares, bonus shares, etc. without the prior consent of the Board of Directors of PGIL.
 - PGIL shall not issue or allot, after the Appointed Date or the date of this Scheme being approved by the Board of Directors, whichever is later, any rights shares, bonus shares, etc. without the prior consent of the Board of Directors of PDS.
 - PGIL in relation to the profits or income of Residual Undertaking and PDS shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders prior to the Effective Date, provided that the equity shareholders of PGIL shall

not be entitled to dividend, if any, declared and paid by PDS to its equity shareholders prior to the Effective Date.

- The holders of the equity shares of the PGIL and PDS shall, save as expressly provided otherwise in the Scheme continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of PGIL and/or PDS to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Directors of each of the PGIL and PDS and subject, wherever necessary, to the approval of the shareholders of PGIL and PDS respectively.

SEQUENCE OF EVENTS OF SCHEME OF ARRANGEMENT

1. The Board of Directors of the PDS and PGIL approved the Scheme of Arrangement at their respective Board Meetings held on 12th day of November, 2012.
2. The Scheme of Arrangement was sent to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for their No Objection under Clause 24(f) of the Listing Agreement which was obtained from NSE and BSE on April 12, 2013 and acknowledgement letters dated July 10, 2013 and July 11, 2013 respectively.
3. Joint Application has been filed before the Delhi High Court on July 19th, 2013.
4. Consequent upon filling of the application the following activity were undertaken in accordance with the order of Hon'ble High court of Delhi on August 02, 2013:
 - a) Convening of the meeting of equity shareholders of PGIL.
 - b) Convening of the meeting of unsecured creditors of PGIL.
 - c) Convening of meeting of secured creditors of PGIL.
 - d) Dispensation from convening of meeting of equity shareholders of PDS.
 - e) Dispensation from convening of meeting of creditors of PDS.
5. Accordingly PGIL and PDS complied the following, as required by the Hon'ble High Court of Delhi:
 - a) Convened the meeting of equity shareholders of PGIL on October 04, 2013 at 10:30AM
 - b) Convened the meeting of secured creditors of PGIL on October 04, 2013 at 12:30 PM.
 - c) Convened the meeting of unsecured creditors of PGIL on October 04, 2013 at 2:30 PM
6. The second motion petition was filed with the Hon'ble High Court of Delhi for sanctioning the Scheme of the Arrangement upon compliance of the order dated August 02nd, 2013.
7. The Hon'ble High Court of Delhi admitted the petition and the final hearing held on March 10, 2014.
8. The Scheme of Arrangement was sanctioned by the Hon'ble High Court of Delhi on 10th march, 2014 and Certified True Copy of the order was issued on 25th April, 2014
9. The certified copy of the order of Hon'ble High Court of Delhi was filed with the Registrar of Companies on 13th May 2014 and thus the effective date of the Scheme of Arrangement is 13th May 2014
10. Earlier Board of Directors of PGIL had declared May 28th, 2014 as record date vide resolution by circulation on May 16th, 2014 which was later extended to June 2nd, 2014.
11. PDS had convened the meeting of the Board of Directors on June 5th, 2014 and has allotted 2,59,96,724 Equity shares to the Shareholders of PGIL as appearing in the Register of members of PGIL on the record date in the ratio of 5:6 (i.e., 6 shares of PDS for every 5 shares of PGIL).
12. PDS has filed Form-2 (e-form PAS-3) as on June 5th, 2014 with the Registrar of Companies as "Return of Allotment" for the shares allotted.
13. Letters of approvals were received from BSE vide letter no. DCS/AMAL/BS/IP/168/2014-15 letter dated 23rd September, 2014 and NSE vide letter no. NSE/LIST/246915-F dated 06th August 2014 for grant of In-Principle approval for listing of Equity Shares pursuant to Scheme.

14. The approval from SEBI received vide Letter No. CFD/DIL/AKD/PM/23666/2014 dated August 11, 2014 granting relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the SCRR for the purpose of listing of shares of PDS.

STATEMENT OF POSSIBLE TAX BENEFITS

Statement of Tax Benefits

To
The Board of Directors
PDS Multinational Fashions Limited
A-3 Naraina Industrial Area Phase II
New Delhi - 110028

Dear Sir,

We hereby certify that the enclosed “Annexure 1” states the tax benefits available to PDS Multinational Fashions Limited (the “Company”) and its Shareholders under the provisions of the Income-tax Act, 1961 and other direct tax laws presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been/would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This certificate is provided solely for the purpose of assisting the Company to which it is addressed in discharging their responsibilities under the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000).

For S.R. Dinodia & Co.
Chartered Accountants,
Firm Regn. No.: 001478N/N500005

Pallavi Dinodia
Partner
Membership No.: 500618
Place: New Delhi
Date: June 7th, 2014

ANNEXURE**Statement of “Tax Benefits” Available to PDS Multinational Fashions Limited (“the company”) and its Shareholders****1.0 Benefits to the Company under the Income Tax Act, 1961 (“The Act”):**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the Act.

1.2 Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

1.3 Computation of capital gains

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

1.3.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

1.3.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.3.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to

Securities Transaction tax (“STT”) shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

1.3.5 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.4 Other specified deductions

Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

- 1.4.1** Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.
- 1.4.2** The company is eligible for deduction U/s 35AD of the act subject to certain limits in respect of whole of capital expenditure incurred wholly for the purposes of any specified business carried on by the company.

Specified business includes setting up and operating a cold chain facility, setting up a warehousing facility, laying and operating a cross- country natural gas or crude or petroleum oil pipeline network , building and operating a two star or above category hotel, building and operating a hospital with atleast hundred beds for patients, developing and building a housing project, production of fertilizer in India and setting up and operating an inland container depot or a container freight station.

- 1.4.3** The Company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the setting up new industrial unit for a period of five successive years subject to the limits provided and conditions specified under the said section.
- 1.4.4** As per provisions of section 32(1)(ia) of the Income Tax Act, 1961 the Company would be entitled to additional depreciation @ 20% of the actual cost of new Plant & Machinery purchased subject to the fulfillment of other conditions specified under the said section.
- 1.4.5** Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

2.0 Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2.2 Computation of capital gains

2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

2.2.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

2.2.5 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, Long term Capital Gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act.

However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family („HUF“), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.0 Benefits available to Non-Resident Indian shareholders (Other than FIIs and Foreign venture capital investors)

3.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

3.2 Computation of capital gains

3.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

3.2.4 According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3.2.5 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

3.2.6 Options available under the Act

3.2.7 Where shares have been subscribed to in convertible foreign exchange –

3.2.8 Option of taxation under Chapter XII-A of the Act:

3.2.9 Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian company not exempt under Section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- According to the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in Section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) & (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.2.10 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act.

However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. However, the amount of deduction shall not exceed STT paid by investor.

3.4 Benefits available to Non-Resident Indian shareholders (Other than FIIs and Foreign venture capital investors)

3.5 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

4.1 Computation of capital gains

- 4.1.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered

as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

4.1.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

4.1.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4.1.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

4.1.5 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of Section 54F of the Act and subject to the conditions specified

therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4.2 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax. However, the amount of deduction shall not exceed STT paid by investor.

4.3 Benefits available to Foreign Institutional Investors (‘FIIs’)

4.4 Dividends exempt under section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

4.5 Taxability of capital gains

4.5.1 Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

4.5.2 The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act-

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).
- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge and education cess)
- Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

4.5.3 According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

5.0 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

6.0 Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

7.0 Venture Capital Companies / Funds

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company, however the investor is liable to pay tax on the income accruing to the investor out of the investments made in a venture capital company under section 115U of the Act.

8.0 Tax Treaty benefits

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial subject to the availability of TRC (Tax residential certificate) and form 10F as prescribed by the IT Act.

Notes:

- 1. All the above benefits are as per the current tax law as amended by the Finance Act, 2013.*
- 2. The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.*
- 3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.*

CURRENCY OF PRESENTATION

In this Information Memorandum all references to “Rupees” or “Rs.” or “₹” are to Indian Rupees, the legal currency of the Republic of India.

DIVIDEND POLICY

The Company does not have any formal dividend policy vis-a-vis the equity shares. The declaration and payment of equity dividend in a company is recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Company has not paid any dividend on its equity shares so far.

SECTION – 4 FINANCIAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To The Board of Directors
PDS Multinational Fashions Limited**

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of PDS Multinational Fashions Limited ("the Company") and its subsidiary (collectively referred to as "the Group") as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto.

Management's Responsibility for the Consolidated Financial Statement

2. Management is responsible for the preparation of these consolidated financial statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014 of the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Group, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies

and notes appearing thereon, give true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31st 2014;
- (b) In case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statements of its subsidiaries, whose financial statements reflect total assets of ` 12,651,743,193 (USD 210,511,534 converted @ ` 60.10) as at March 31st 2014 and total revenue of ` 36,870,523,922 (USD 609,430,147 converted @ ` 60.50) for the year ended March 31st 2014. These financial statements have been audited by other auditor whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the other auditor.

For S.R. DINODIA & CO.LLP.

CHARTERED ACCOUNTANTS,
REGN. NO. 001478N/ N500005

(SANDEEP DINODIA)
P A R T N E R
M. No.083689

Place : New Delhi

Dated : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED
Consolidated Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As At March 31, 2014
EQUITY AND LIABILITIES		
Shareholders' funds		
Share Capital	3	500,000
Reserves and surplus	4	3,730,441,522
		3,730,941,522
Share Capital Suspense Account	5	259,967,240
Minority interest		411,322,524
Non-current Liabilities		
Long-term borrowings	6	492,054,334
Deferred tax Liability(net)	7	4,370,353
Long-term provisions	8	835,704
		497,260,391
Current Liabilities		
Short-term borrowings	9	4,162,832,358
Trade Payable	10	3,016,185,359
Other current liabilities	10	463,035,777
Short-term provisions	8	197,509,228
		7,839,562,722
TOTAL		12,739,054,399
ASSETS		
Non-current Assets		
Fixed Assets	11	
Tangible Assets	11	1,400,609,248
Intangible Assets	11	426,404,424
Capital work-in-progress	12	23,145,409
Non-current investments	13	213,414,101
Long-term loans and advances		136,346,948
		2,199,920,130
Current Assets		
Current Investment	12	15,197,159
Inventories	14	1,207,189,817

Trade Receivables	15	5,831,653,650
Cash & Bank Balance	16	2,118,873,925
Short-term loans and advances	13	1,366,219,718

10,539,134,269

12,739,054,399

Summary of Significant Accounting Policies 2

The accompanying notes are an integral part of the financial statements
As per our Audit Report of even date attached

FOR S.R. DINODIA & CO., LLP
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005

(SANDEEP DINODIA)
PARTNER
M. NO. 083689
PLACE: NEW DELHI
DATE: 26 May 2014

(DEEPAK SETH)

Director
DIN 00003021

(PAYEL SETH)

Director
DIN 00003035

PDS MULTINATIONAL FASHIONS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED March 31, 2014

Particulars	Note No.	(Amount in ₹) For the period ended March 31, 2014
INCOME		
Revenue from Operation	17	36,870,523,922
Other Income	18	610,187,532
Total Income		37,480,711,454
Expenses		
Purchase Of Stock in Trade	19	31,526,676,022
Changes in inventories of Finished goods, Work in Progress Stock in Trade	20	119,002,019
Employee Benefits Expense	21	2,333,596,806
Finance Costs	22	168,189,481
Depreciation and amortization expense	11	155,271,841
Other Expenses	23	2,885,416,559
Total expenses		37,188,152,728
Profit before exceptional items and tax		292,558,727
Exceptional items	24	(26,738,738)
Profit before tax		265,819,988
Tax expense:		
Current Tax		31,107,657
Provision for Deferred Tax Liability/(Assets)		(2,949,810)
Profit/(Loss) before minority share		237,662,141
Less: Minorities Share in (Profit)/Loss		(53,988,918)
Net Profit/(Loss) for the Year		183,673,224
Earnings per equity share:		
Basic	25	3,673.46
Diluted	25	7.05
Summary of Significant Accounting Policies	2	

The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached

**FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005**

**(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689**

**(DEEPAK SETH)
DIRECTOR
DIN 00003021**

**(PAYEL SETH)
DIRECTOR
DIN00003035**

**PLACE: NEW DELHI
DATE:26 May 2014**

PDS MULTINATIONAL FASHIONS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in ₹)

Particulars

**For the period ended
March 31, 2014**

A. CASH FLOW FROM OPREATING ACTIVITIES

Net profit before tax	265,819,988
Adjustments for :	
Depreciation	155,271,841
Prior Period Expenses	83,333
(Profit)/Loss on sale of Assets	(11,405,176)
Net Interest paid	163,051,874
Foreign Currency Translation Reserve	545,535,508
Foreign Exchange Fluctuation	(341,619,062)
Interest received	(3,873,459)
Operating Profit/loss before working capital changes	772,864,848
Adjustments for:	
Trade and other Receivables	(7,327,550,699)
Inventories	(1,207,189,817)
Short term borrowings	4,152,317,362
Trade Payables and other payables	3,490,486,542
Cash Generated from operations	(119,071,764)
Direct Taxes (Paid)/Refunds	173,778,014
CASH FLOW BEFORE PRIOR PERIOD ITEMS/EXCESS	54,706,250
PROVISION WRITTEN BACK/EXTRA ORDINARY ITEM	
Prior period Items/Excess provision w/back	(83,333)
Net Cash Generated/(used) in Operating Activities (A)	54,622,917

B. Cash Flow from Investing Activities:

Purchase of Fixed Assets (including transfer of assets on account of demerger scheme)	(1,938,872,478)
Foreign Exchange adjustment	(73,584,290)
Investment made during the year	(229,661,198)
Investment in bank deposits (having original maturity of less than one year)	(1,224,056,691)

Sale of Fixed Assets	23,675,918
Interest Received	3,873,459
Net Cash used in Investing activities (B)	(3,438,625,280)

C. Cash Flow from Financing Activities

Net Proceeds from Share Capital- Demerger	259,967,240
Capital Reserve (including on account of demerger scheme)	2,735,162,688
Retained Earnings (including on account of demerger scheme)	254,996,912
Interest Paid	(163,051,874)
Repayment (to)/ from Minority interest	357,333,607
Proceeds from Long Term Borrowings (Net)	492,054,334

Net cash From financing activities (C) **3,936,462,905**

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) **552,460,543**

Foreign Exchange Fluctuation **341,619,062**

Cash / Cash equivalents at the beginning of the year **737,572**

Cash / Cash equivalents at the close of the year **894,817,176**

Components of Cash and Cash equivalents

Balances with Scheduled Banks	
i) In Current Accounts	894,817,233
ii) Unpaid dividend account	-
	894,817,233

Note: Figures in brackets represent outflows.

The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

For S.R. DINODIA & CO.,LLP
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005

For & on behalf of Board of Directors

(SANDEEP DINODIA)
PARTNER
M. NO. 083689
PLACE: NEW DELHI
DATE: 26 May 2014

(DEEPAK SETH)
Director
DIN 00003021

(PAYEL SETH)
Director
DIN 00003035

PDS MULTINATIONAL FASHIONS LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE 1: CORPORATE INFORMATION

PDS Multinational Fashions Limited is a Public Limited Company domiciled in India and incorporated on April 06, 2011 under the provisions of the Companies Act, 1956. The company along with its subsidiaries (collectively referred to as “the Group”), is primarily engaged in trading of Garments, whilst the subsidiaries and sub subsidiaries are engaged in investment holding, design, development, marketing, sourcing and distribution of readymade garments of all kinds, and other consumer products worldwide.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

i) The consolidated financial statements of the Group have been prepared in compliance with Accounting Standards issued by the Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and other applicable statutes under the historical cost convention and on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) except in the case of foreign subsidiary where financial assets and liabilities are measured at fair value. The financial statements of foreign subsidiaries have been prepared in compliance with the local laws and applicable accounting standards. Necessary adjustments for material variances in the accounting policies, wherever applicable, have been made in the consolidated financial statements.

ii) The Financial statements of all reporting entities under consolidation are drawn up to the financial year ended March 31, 2014.

2.2 Uses of Estimates

The preparation of consolidated financial statements are in conformity with generally accepted accounting principles requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets & liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the statement of profit & loss in the year in which the results are known /materialized.

2.3 Summary of Significant Accounting Policies

a. Basis of Consolidation

The consolidated financial statements have been prepared on the following basis:-

i) The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income, and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.

ii) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements. Inconsistency, if any, between the accounting policies of the subsidiary, have been disclosed in the notes to accounts.

iii) The difference of the cost to the company of its investment in subsidiaries over its share in the equity of the investee company as at the date of acquisition of stake is recognized in financial statements as Goodwill or Capital Reserve, as the case may be.

iv) Minority interest in the Equity & Results of the entities that are controlled by the company is shown as a separate item in the Consolidated Financial Statement.

v) The Consolidated Financial Statements are presented, to the extent possible, in the same format as adopted by the parent company for its separate financial statement.

b. The effect of Changes in Foreign Exchange Rates.

i) Translation of Financial Statements of Foreign Operations – In view of Accounting Standard-“11” ‘Changes in Foreign Exchange Rates’ issued by the Companies (Accounting Standards) Rules, 2006 the operations of all the foreign subsidiaries (including sub subsidiaries) are identified as non integral subsidiaries of the company in the current year and translated into Indian Rupee.

– The Assets and Liabilities of Foreign operations, including Goodwill/ Capital Reserve arising on consolidation, are translated in Indian Rupee (INR) at foreign exchange rate at closing rate ruling as at the balance sheet date.

– The revenue and expenses of foreign operations are translated in Indian Rupee (INR) at yearly average currency exchange rate, of the respective year.

– Foreign exchange differences arising on translation of "Non-integral Foreign Operations" are recognized as, 'foreign exchange translation reserve' in balance sheet under the head 'Reserve & Surplus and those of "Integral Foreign Operations" are recognized in the Statement of Profit & Loss.

ii) Foreign Currency Transactions

– In case of parent company & its subsidiaries sales made in foreign currencies are translated on exchange rate prevailing on the date of transactions.

– Gain/Loss arising out of fluctuation in the exchange rate on settlement of the transaction is recognized in the Statement of Profit and Loss.

– Other transactions in foreign currency are recognized on initial recognition at the exchange rate prevailing at the time of transaction. Foreign Currency monetary items are reported using the closing rate as on balance sheet date. The resultant exchange gain/loss is dealt with in the Statement of Profit & Loss.

– Premium or discount on forward contracts is amortized in the Statement of Profit and Loss over the period of the contract. Exchange differences on such contracts are recognized in the statement of Profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

c. Inventories

i) Inventories are valued at lower of cost and net realizable value. Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventories to their present location. Cost is calculated on First in First out (FIFO) method.

ii) In case of foreign subsidiary work in progress includes an appropriate share of production overheads based on normal operating capacity.

d. Cash Flow Statement

Cash Flow is reported using the indirect method as specified in the Accounting Standard (AS)-3, 'Cash Flow Statement' issued by the Companies (Accounting Standards) Rules, 2006.

e. Revenue Recognition

- i) Revenue is recognized when significant risk and rewards of ownership of goods are transferred to the buyer. Sales are shown net of sales return/ rejection & trade discounts and include freight & insurance recovered from buyers as per terms of sales.
- ii) Export Sales is recognized on the basis of date of Airway Bill/Bill of Lading/ Forwarder Cargo receipt.
- iii) Interest income is recognized on an accrual on time proportion basis. In case of Multinational Textile Group Limited and its subsidiaries interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of financial asset.
- iv) Investment income is recognized as and when the right to receive the same is established.
- v) Handling Fee income is recognized in the period in which the services are rendered.
- vi) Commission Income is recognized when the services are rendered.
- vii) Dividend Income is recognized when the right to receive is established

f. Fixed Assets

– Fixed Assets are stated at cost less accumulated depreciation. The cost comprises the purchase price/construction cost and any attributable cost including borrowing cost of bringing the asset to its working condition for its intended use. In the case of Multinational Textile Group Limited and its subsidiaries cost include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of fixed assets. Gains or losses arising from sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the statement of profit & loss in the year in which the asset is sold.

– Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. In case of Multinational Textile Group Limited:

– When parts of an item of an asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

g. Depreciation

– Depreciation on fixed asset is provided on Straight Line Method in accordance with and in the manner specified in the statute governing the respective companies. In case of Multinational Textile Group Limited the estimated useful lives for the current year is as under:

Leasehold land and buildings	over the shorter of the lease term and 33.33%
Infrastructure	20%- straight line basis
Computer and equipment	10% - 33.33% straight line basis
Fixtures, fittings and equipments	10% - 33.33% straight line basis
Motor vehicles	14% - 33.33% straight line basis
Plant & Machinery	20% - 25% straight line basis

– Cost of Leasehold land is amortized over the period of lease.

– In case of domestic company the fixed assets costing upto ` 5,000 are depreciated fully in the year of purchase.

– Software and Trademark is amortized over the period of 5 years which in the opinion of the management is the estimated economic life.

h. Goodwill

In case of foreign subsidiary :-

- Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed.
- Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

i. Investments

The investments are classified as follows:

Held for trading: Trading securities are those (both debt & equity) that are bought and held principally for the purpose of selling them in near term, such securities are valued at fair value and gain/loss is recognized in the Statement of Profit & Loss.

Held to Maturity: Investment in debt & capital guard products are classified as held to maturity only if the company has the positive intent and ability to hold these securities to maturity, such securities are held at historical cost.

Available-for-sale financial assets: Available-for-sale financial assets are non-derivative financial investment in listed and unlisted equity & debt instruments that are designated as available for sale or are not classified in any of the other three categories, being investments at fair value through Statement of Profit & loss for trading, loans and receivables and held-to-maturity investments. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with gains or loss recognized as a separate component of equity as "Investment Revaluation Reserve" until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Profit & Loss.

When the fair value of unlisted equity securities cannot be reliably measured because of significant variability in the range of fair value estimates or, where the probabilities of the various estimates within the range cannot be reasonably assessed, such securities are stated at cost less any impairment.

Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date.

j. Financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at cost on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the Statement of Profit & Loss.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. For the purpose of hedge accounting, hedges are classified as:

Fair value hedges: A hedge of the exposure to changes in the fair value of recognized asset or liability or an unrecognized firm commitment (except for foreign risk); or identified portion of such asset, liability or firm commitment (except for foreign risk), or an identified portion of such asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss.

Cash flow hedges: A hedge of the exposure to variability in cash flows that is either attributable to a

particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognized directly in the equity, while the ineffective portion is recognized in the Statement of Profit & Loss.

k. Employee Benefits

– In case of Indian entity

(i) Short term Employee benefit

All employees' benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services at undiscounted amount.

(ii) Defined Benefit Plans

Payments to Defined Contribution Retirement Benefit Schemes are charged as an expense as they fall due. In case of Defined Benefit Schemes, the cost of providing benefits are provided on the basis of management estimation at the year end.

(iii) Defined Contribution Plan

Contributions payable to recognised provident fund and employee state insurance scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they incurred.

– In case of foreign subsidiaries

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method.

l. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit and loss.

m. Leases

– Assets acquired under leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

– Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on accrual basis. The lease rentals under operating lease are charged on straight line basis.

n. Taxes On Income: Taxes include current tax and deferred tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable Income-tax Act and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity are recognized in equity and not in the statement of profit and loss.

Deferred income taxes (asset/ liability) reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

o. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

p. Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are neither recognized nor disclosed in the financial statements.

q. Earning per Share (EPS)

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items. Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be anti dilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

NOTE-3 : SHARE CAPITAL

(Amount in ₹)
As At March 31, 2014

Authorised

500,000 Equity Shares of ` 10/- each	500,000
	500,000
Issued, Subscribed & Paid-up Equity 50,000 Equity Shares of ` 10/- each fully paid up	500,000
Total Issued, Subscribed & Paid-up Capital	500,000

a. Share Capital Reconciliation

March 31, 2014

Equity Shares	No. of shares	Amount Rs
Balance of Shares at the beginning of year	50,000	500,000
Add:- Addition during the year	-	-
Less:- Buy back during the year	-	-
Balance of Shares at the end of the year	50,000	500,000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having per value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. For the year ended 31st March 2014, the amount of 'NIL' per share has been proposed to be declared as dividend for distribution to equity shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholder holding more than 5 percent shares in the company

March 31, 2014

Equity Shares	No. of Shares	%Holding
Pearl global Industries Limited (Holding Company)	49,994	99.99

NOTE-4: RESERVE AND SURPLUS

(Amount in ₹)
As At March 31, 2014

Foreign Currency Translation Reserve

Balance at the beginning of year		-
Add:- Addition during the year (including on account of demerger) {Refer Note 30D}		545,535,508
Less:- Utilised during the year		-
Balance at the close of year	(A)	545,535,508

Capital Reserve on Consolidation

Balance at the beginning of year		-
Add:- Addition during the year (including on account of demerger) {Refer Note 30D}		2,735,162,688
Less:- Utilised during the year		-
Balance at the close of year	(B)	2,735,162,688

Hedging Reserve

Balance at the beginning of year		-
Add:- Addition during the year (including on account of demerger) {Refer Note 30D}		11,123,883
Less:- Utilised during the year		-
Balance at the close of year	(C)	11,123,883

Investment Reserve- Available for Sale

Balance at the beginning of year		-
Add:- Addition during the year		
Less:- Utilised during the year (including on account of demerger) {Refer Note 30D}		(1,049,937)
Balance at the close of year	(D)	(1,049,937)

Retained Earnings

Balance at the beginning of year		999,245
Add:- Addition during the year (including on account of demerger) {Refer Note 30D}		254,996,912
Add- Profit/(Loss) for the year		183,673,224

Net Surplus in the statement of Profit and Loss	(E)	439,669,380
---	-----	-------------

Total Reserves & Surplus	(A+B+C+D+E)	3,730,441,522
--------------------------	-------------	---------------

NOTE 5: SHARE CAPITAL SUSPENSE ACCOUNT
(Amount in ₹)
As At March 31, 2014

25,996,724 Equity Shares of ₹ 10/- each	259,967,240
	259,967,240

a. Pursuant to the Scheme of Arrangement (Refer Note 30D) between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company), the transferee company shall issue six fully paid up equity shares of ₹ 10 each to the shareholders of the Transferor Company for every five fully paid up equity shares of ₹ 10 each held in the Transferor Company. The allotment of shares to the shareholders is pending as on March 31 2014.

NOTE 6 : LONG TERM BORROWINGS

	(Amount in ₹)	
	Non Current Portion	Current Maturities
	March 31, 2014	March 31, 2014
Term loan (Secured)		
From Banks		
- Loan in Functional Currency	490,090,258	-
Vehicle loan	1,964,076	481,883
	492,054,334	481,883
Less: Amount disclosed in other current liabilities	-	481,883
	492,054,334	-

a) The details of security in respect of secured borrowings is as under:
In case of Multinational Textile Group Limited (Foreign subsidiary)

Poeticgem Limited

(i) The Long term loan are secured by Legal charge over Freehold property at Teleflex plot, Burnleys, Kiln Farm, Milton Keynes, fixed and floating charges over the assets of the sub-subsidiary and cross guarantee between Poeticgem Limited and its subsidiary Pacific Logistics Limited. The Company also has advances from factors that are secured by a charge on the trade receivable of the Company.

In case of PDS Multinational Fashions Limited

(i) Vehicle loan has been taken during the year from BMW financial services and is secured against hypothecation of respective vehicle. The rate of interest ranges between 10 to 11% p.a

(ii) Maturity profile of Vehicle loan is set out as below:

Outstanding EMI as on March 31, 2014	51
Amount repayable in	Amount (₹)
FY 2014-15	481,883
FY 2015-16	534,988
FY 2016-17	593,946
FY 2017-18	659,401
FY 2018-19	175,740

NOTE 7: DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)
As At March 31, 2014

Deferred Tax Liabilities

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting

5,572,029

Gross deferred tax liability

(A)

5,572,029

Deferred Tax Assets

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

1,201,675

Gross Deferred Tax Assets

(B)

1,201,675

Net Deferred Tax Liability

(A+B)

4,370,353

NOTE 8 : PROVISIONS

Provisions for employees benefits

Provision for Gratuity

499,782

-

Provision for Leave Encashment

298,722

-

Other provisions

Provision for current tax [Net of advance tax]

-

197,472,628

Provision for Lease Equalisation

37,201

36,600

Total

835,705

197,509,228

Long Term
March 31, 2014

Short Term
March 31, 2014

	<u>Amount in (₹)</u>
NOTE 9: SHORT TERM BORROWINGS	As at March 31, 2014
Loan From Banks (Secured)	
Working Capital Loans	
Loan in Functional Currency	4,052,672,402
	<u>4,052,672,402</u>
Unsecured Borrowings	
From Others	98,788,159
From Directors	11,371,797
	<u>110,159,956</u>
TOTAL	<u>4,162,832,358</u>

The details of security in case of secured borrowing are as follows:

Norwest Industries Limited

a) The banking facilities are secured by way of pledge of company's time deposit and marketable securities, bank guarantees aggregating ` 108,180,000, guarantees from a fellow subsidiary, company's insurance deposits, directors of the company including a related party.

Norwest Industries Limited (Mortgage Loan)

a) Bank mortgage loan is secured by company's investment properties and is repayable in 119 monthly equal installments which commenced on Sept. 2006 until August 2016.

b) Bank mortgage loan is secured which is repayable in 120 monthly equal installments commenced on Sept. 2007 until September 2017.

c) Term loan is secured by the pledge of certain insurance policies and repayable in 83 equal monthly installments commenced on October 2010 until September 2017.

Poeticgem Limited

a) GBP long term loan are secured by a legal charge over the freehold property at Teleflex Plot, Burnleys, Kiln Farm, Milton Keynes, fixed and floating charges over the assets of the sub-subsidiary and a cross guarantee between Poeticgem Limited and its subsidiary Pacific Logistics Limited. The loan is repayable at once by September 2015.

PG Group Limited

a) PG Group has collateralised bank advances maturing in April 2014. Simple Approach Limited and Zamira Fashion Limited

a) The bank facilities were secured by ultimate holding, holding and fellow subsidiary companies' corporate guarantees, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

Loan from others

The outstanding amount as on March 31st 2014 is repayable on demand and taken during the ordinary course of business.

Loan from Directors

The Outstanding amount as on March 31st 2014 was repayable on Demand and carries interest ranging between 7% to 10 % per annum.

NOTE-10 OTHER CURRENT LIABILITY
(Amount in ₹)
As At March 31, 2014
Trade Payables [Refer note (a) below]

– Due to Micro Small & Medium Enterprises	-
– Due to Others	3,016,185,359
(A)	3,016,185,359

Other liabilities:

Others:

– Current maturities of long-term borrowings (Refer note 6)	481,883
– Other payables[Refer note (b) below]	462,553,894
(B)	463,035,777

Total (A+B) (Refer note 'c' below)
3,479,221,136

a) The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

(Amount in ₹)

As at
March 31, 2014

(i) Principal amount due and remaining unpaid	Nil
(ii) Interest due on above and the unpaid interest	Nil
(iii) Interest paid during the year	Nil
(iv) Payment beyond the appointed day during the year	Nil
(v) Interest due and payable for the period of delay	Nil
(vi) Interest accrued and remaining unpaid	Nil
(vii) Amount of further interest remaining due and payable in succeeding years	Nil

b) It includes statutory liabilities, advance from customers and other current liabilities.

c) It does not include any amount due to be transferred to Investor Education and Protection Fund

NOTE 11 - FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK						DEPRECIATION/AMOTIZATION						NET BLOCK
PARTICULARS	As At April 1st 2013	Addition during the year	Addition on account of Demerger Scheme	Deduction	Foreign Exchange Fluctuation	As At March 31st 2014	As At April 1st 2013	For the year	Addition on account of Demerger Scheme	Deductions / Adjustments	Foreign Exchange Fluctuation	As At March 31st 2014	As At March 31st 2014
Tangible Assets													
Land Freehold	-	-	6,880,947	-	-	6,880,947	-	-	-	-	-	-	6,880,947
Building	-	19,619,159	1,389,077,441	392,934	58,151,459	1,466,455,125	-	44,760,991	228,191,591	142,357	9,251,861	282,062,086	1,184,393,039
Office Equipments	1,618,106	418,553	3,087,023	-	-	5,123,682	33,941	242,603	334,048	-	-	610,592	4,513,090
Plant & Machinery	455,961	7,425,385	124,470,787	95,551	11,668,030	143,924,612	39,603	6,237,296	100,537,273	-	4,460,067	111,274,239	32,650,373
Vehicles	-	3,575,000	36,823,390	4,474,825	533,049	36,456,615	-	2,528,322	33,540,187	4,328,971	730,764	32,470,302	3,986,313
Furniture & Fixtures	3,226,064	87,946,882	402,434,168	19,861,608	15,488,704	489,234,210	84,737	81,723,298	252,784,867	11,335,159	(2,209,020)	321,048,723	168,185,487
Total	5,300,131	118,984,979	1,962,773,755	24,824,917	85,841,243	2,148,075,190	158,281	135,492,510	615,387,966	15,806,486	12,233,672	747,465,942	1,400,609,248
Intangible Assets													-
Goodwill	-	-	412,439,370	3,252,312	-	409,187,058	-	-	-	-	-	-	409,187,058
Software	116,782	5,544,703	93,875,367	-	-	99,536,852	13,736	19,655,367	63,156,124	-	-	82,825,228	16,711,624
Trade Mark	-	-	9,284,308	-	-	9,284,308	-	123,965	8,631,322	-	23,281	8,778,567	505,742
Total	116,782	5,544,703	515,599,045	3,252,312	-	518,008,218	13,736	19,779,332	71,787,446	-	23,281	91,603,794	426,404,424
Capital Work-in- progress	-	-	23,145,409	-	-	23,145,409	-	-	-	-	-	-	23,145,409
Total	-	-	23,145,409	-	-	23,145,409	-	-	-	-	-	-	23,145,409
Grand Total	5,416,913	124,529,682	2,501,518,209	28,077,229	85,841,243	2,689,228,818	172,017	155,271,841	687,175,412	15,806,486	12,256,953	839,069,736	1,850,159,082

Notes:

- a) The addition (in Gross block and depreciation) on account of demerger corresponds to assets transferred by Pearl Global Industries Limited (transferor company) and assets of Subsidiary of the Company i.e Multinational Textile Group Limited under the approved scheme of Demerger by Hon'ble High Court of Delhi vide its order dated March 10, 2014.
- b) The opening balance of Gross block (fixed assets) represents assets of PDS Multinational Fashions Limited (Standalone) as on April 1, 2013.

NOTE-12 INVESTMENTS

(Amount in ₹).
As At 31, March 2014

Non- Current Investment**Non-trade investments (Valued at Cost,unless stated otherwise) Investments in Equity shares(Unquoted)**

GWD Enterprises	48,084,185
100 A Shares and 25 B Shares of GBP 1 each	
India Infrastructure Opportunities LLP 721.30	
Shares of \$ 1,028.45 each	44,583,502
Juhu Exchange Limited 200,000 Preference Shares	19,292,100
of GBP 1 each	
Investment in Unit Trusts	24,590,396
Held to Maturity Investments (Bonds)	76,863,918
Total	213,414,101
Current Investment (Unquoted)	
Investment in Unit Trusts	15,197,159
Total	15,197,159

Aggregate book value of quoted investment is ` NIL

Aggregate market value of quoted investment is ` NIL

Aggregate book value of quoted investment is ` 228,611,260

NOTE 13: LOANS AND ADVANCES

(Amount in ₹)

	Non-Current March 31, 2014	Current March 31, 2014
Capital Advances		
Unsecured, considered good	16,268,297	-
Security Deposits	6,084,481	28,532,690
(Unsecured, considered good)		
Loan and advances to related parties (Unsecured - considered good)	30,050,000	145,405,830
Share Application Money	34,652,759	-
Advances Recoverable in cash or kind		
– Unsecured - Considered Good	-	877,112,571
–Unsecured - Consider Doubtful	-	-
	-	877,112,571
Less: Provision for Doubtful advances	-	-

Other Advances	49,291,411	315,168,627
	49,291,411	315,168,627
	136,346,948	1,366,219,718

NOTE 14: INVENTORIES

	(Amount in ₹).	
(As taken, valued & certified by management)	As At 31, March 2014	
Raw materials		1,125,645,289
Finished goods(including Traded goods)		81,544,527
Total		1,207,189,817

NOTE 15: TRADE RECEIVABLE AND OTHER ASSETS

	(Amount in ₹)	
	Non- Current March 31, 2014	Current March 31, 2014
Outstanding for the period exceeding six months from the date they are due for payment	-	-
Unsecured, considered good		
Unsecured, considered Doubtful	-	-
Other receivables		
Unsecured, considered good	-	5,831,653,650
	-	5,831,653,650
Total	-	5,831,653,650

	(Amount in ₹)	
	Non-current	Current
Note 16 : Cash and bank balances	March 31, 2014	March 31, 2014
Cash and Cash Equivalents comprise of:		
Cash in hand and at banks	-	894,817,233
	-	894,817,233
Other Balances		
Balance with bank		

Balances with bank held as margin money or security
against borrowings,

-	1,224,056,691
-	1,224,056,691
-	2,118,873,925

Deposits of ₹1,224,056,691 are pledged as security with various banks.

**For the year ended
March 31, 2014**

Note 17 : Revenue from operations

Sale of Products	36,560,352,122
Other operating revenues	310,171,801
	36,870,523,922

**(Amount in ₹)
For the year ended
March 31, 2014**

Note 18 : Other Income

Interest Income	
- Fixed deposits	1,002,884
- Bonds	2,870,575
- Others	25,930,099
Rental Income	17,530,059
Foreign Exchange Fluctuation (Net)	341,619,062
Miscellaneous Income	221,234,853
	610,187,532

**(Amount in ₹)
For the year ended
March 31, 2014**

Note 19 : Purchase of Traded Goods

Finished Goods	31,526,676,022
	31,526,676,022

(Amount in ₹)
For the year ended
March 31, 2014

Note 20 : Increase/(decrease) in inventories

Opening Stock	-
Add: Addition during the year	203,371,559
Less: Closing Stock	84,369,540
	119,002,019

(Amount in ₹)
For the year ended
March 31, 2014

Note 21 : Employee Benefit Expense

Salaries, wages and bonus	2,136,158,437
Contribution to Provident and other funds	152,256,255
Gratuity	143,132
Leave Encashment	53,863
Staff Welfare Expenses	44,985,120
	2,333,596,806

(Amount in ₹)
For the year ended
March 31, 2014

Note 22 : Finance Cost

Interest Expense	163,051,874
Other borrowing cost	5,137,607
	168,189,481

(Amount in ₹)
For the year ended
March 31, 2014

Note 23 : Other Expenses

Consumption of Stores & Spare Parts	6,622,685
Selling & Marketing Exp.	371,734,492
Power & Fuel	392,696
	161,329,080
Repair & Maintenance - Others	209,020,871
Legal & Professional Charges	509,985,417
Payment to the Auditors (Refer Note 'a' below)	26,381,331
Other Expenses	1,599,949,988

2,885,416,559

a) Payment to Auditors**As Auditor:**

Audit Fees	26,076,271
Tax Audit Fees	100,000

In other Capacity:

Other Matters	100,000
Service Tax	105,060

26,381,331

b) Prior Period Items

Legal & Profession	83,333
--------------------	--------

83,333

(Amount in ₹)
For the year ended
March 31, 2014

Note 24 : Exceptional Items

Loss on sale of fixed assets	(11,405,176)
Investments written off	(15,333,562)
	(26,738,738)

(Amount in ₹)
For the year ended
March 31, 2014

Note 25: Earnings Per Share(EPS)

Profit/(Loss) attributable to the equity shareholders	(A)	183,673,224
Basic/weighted average no. of equity shares outstanding during the period	(B)	50,000
Potential Equity shares pursuant to scheme of Demerger	(C)	25,996,724
Total shares outstanding for the purpose of Dilutive Earning per share	(D=B+C)	26,046,724
Nominal value of equity shares (₹)	(E)	10
Basic Earnings per share	(F=A/B)	3,673.46
Dilutive Earnings per share	(G=A/D)	7.05

Note 26: Contingent Liabilities and Commitments

a) Contingent Liabilities

In case of Multinational Textile Group Limited and its subsidiaries (Foreign subsidiary)

At 31 March 2014, the sub-subsidiaries have the following Contingent Liabilities

Poeticgem Limited, UK (Foreign Subsidiary)

- a) The Sub-Subsidiary's banker, HSBC plc have given a guarantee to H M Revenue & Customs amounting to ₹ 50,009,210 and Royal Bank of Scotland plc have given a guarantee amounting to ₹ 3,694,167 on behalf of the Sub-subsidiary.
- b) The Sub Subsidiary has also extended an Unlimited Multilateral Guarantee on 28 August 2012 to its subsidiaries, Pacific Logistics Limited and FX Import Company Limited and same is in progress as on March 31, 2014.
- c) The bank has a fixed and floating charge over the assets of Sub-subsidiary which is supported by a debenture dated 11 September 2012

Norwest Industries Limited (Foreign Subsidiary)

Guarantee given to banks in connection with facilities granted to subsidiaries and sub-subsidiaries ₹ 3,308,867,163.

FX Import Company Limited

- a) HSBC Bank Plc, has provided a guarantee on behalf of company to H M Revenue and Customs amounting to ₹15,002,763. Under this guarantee the maximum liability as at 31st March 2014 is ₹15,002,763.
- b) The bank has a fixed and floating charge over the assets of FX Import Company Limited which is supported by a debenture dated 28 August 2012.

Pacific Logistics Limited

- a) HSBC Bank PLC, has provided a guarantee to HM Revenue and Customs amounting to ₹ 7,501,382. Under this guarantee the maximum liability as at 31 March 2014 is ₹ 7,501,382.
- b) Company has also extended an Unlimited Multilateral Guarantee on 8 August 2012 to its parent company Poeticgem Limited and fellow subsidiaries FX Import Company Limited. The said guarantee is active as on March 31, 2014

- Simple Approach Limited & Zamira Fashion Limited

Contingent Liabilities related to Irrevocable letters of credit is ₹ 822,849,294

Commitments

-Estimated amount of contracts remaining to be executed on capital account (net of advances); ₹ 85,294,161.

Note27: The Subsidiaries considered in the consolidated financial statements are:

Name of the Enterprises	Country of Incorporation	% of voting power held as at March 31,2014
Multinational Textile Group Ltd.	Mauritius	100.00%

Multinational Textiles Group Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
Global Textiles Group Ltd.	31.03.2006	Mauritius	100.00%
Norwest Industries Limited	31.05.2006	Hong Kong	85.00%
Zamira Fashions Limited	20.09.2007	Hong Kong	67.00%
PG Group Limited	13.05.2008	Hong Kong	51.00%
Simple Approach Limited	30.11.2008	Hong Kong	75.00%
Nor Delhi Manufacturing Limited	19.01.2009	Hong Kong	100.00%
Propur Investment Limited	01.03.2012	British Virgin Islands	100.00%
Mahidhulu Investments Limited	09.03.2012	Mauritius	100.00%
Casa Forma Limited	01.01.2012	UK	100.00%
SACB Holdings Limited	24.03.2011	Mauritius	51.00%
PDS Asia Star Corporation Limited	24.10.2012	Hong Kong	60.00%
Dpod Manufacturing Limited	02.11.2012	Hong Kong	60.00%
Poeticgem Intl Limited	27.09.2013	Hong Kong	100.00%
Multinational OSG Services Bangladesh Ltd	02.02.2014	Bangladesh	97.00%

Norwest Industries Ltd, holds the following subsidiaries

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
Nor Lanka Manufacturing Limited	18.03.2009	Hong Kong	100.00%
Nor India Manufacturing Co. Limited, Hongkong	17.12.2010	Hong Kong	100.00%
Hangzhou Grand Pearl	27.04.2009	China	100.00%
Nor Europe Manufacturing Co. Limited	04.11.2011	Hong Kong	70.00%
Sino West Manufacturing Co. Ltd.	03.01.2012	Hong Kong	80.00%
Spring Near East Manufacturing Co. Ltd.	17.12.2010	Hong Kong	100.00%
Designed and Sourced Limited	27.08.2012	Hong Kong	60.00%
Norwest USA Inc,	30.04.2012	USA	100.00%
Gem Australia Manufacturing Co. Ltd	06.06.2012	Hong Kong	75.00%
Nor France Manufacturing Co. Ltd	18.12.2012	Hong Kong	75.00%
Klieder Sourcing Hong Kong Limited	24.10.2013	Hong Kong	55.00%

Nor France Manufacturing Co. Ltd holds the following Subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
Nor France SAS	14.02.2013	France	100.00%

Nor Lanka Manufacturing Co. Ltd. holds the following Subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014

Nor Lanka Manufacturing colombo Limited	13.08.2012	Sri Lanka	100.00%
---	------------	-----------	---------

Global Textiles Group Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
Poeticgem Limited	30.03.2006	UK	100.00%

Poeticgem Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
Pacific Logistics Limited	27.10.2003	UK	100.00%
FX Imports Company Limited	26.03.2008	UK	75.00%
Poetic Knitwear Limited	31.03.2009	UK	100.00%
Razamtazz Limited	23.03.2011	Mauritius	100.00%

PG Group Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
PG Home Group Ltd.	13.05.2008	Hong Kong	90.00%
PG Shanghai Manufacturing Co Ltd	08.06.2012	China	100.00%

PG Home Group Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
PG Home Group SPA	31.07.2008	Chile	100.00%

FX Imports Company Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
FX Import Hong Kong Limited	04.05.2009	Hongkong	100.00%

PDS Asia Star holds the following subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
PDS Trading (Shanghai) Co., Ltd	31.12.2012	China	100.00%

Simple Approach Limited holds the following subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2014
Simple Approach (Canada) Limited	02.05.2013	Canada	100.00%

Note 28: Alignment of Accounting Policy for consolidation.

- a) In case of Multinational Textile Group Limited and its subsidiaries (hereinafter referred as foreign subsidiaries), interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of financial asset. This is inconsistent with the policy of parent company and its Indian subsidiaries, where interest is recognized on time proportion basis. The interest income from foreign subsidiaries represents 100 % of total interest income of ₹ 29,803,559.
- b) In the case of Multinational Textile Group Limited and its subsidiaries (hereinafter referred as foreign subsidiaries), cost of fixed assets also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of fixed assets. This is inconsistent with the policy of parent company and its Indian subsidiaries, where no such treatment is prescribed under the Indian GAAP. However, the net effect on fixed assets is ₹ 24,862,228.

- c) In case of foreign subsidiaries, sales made in foreign currency are translated at the rate ruling at the date of transaction, this is inconsistent with the policy of parent company and its Indian subsidiaries, where sales are recognized at monthly average exchange rate. The sales from foreign subsidiaries represents 100% of ₹ 36,560,352,122.

Note 29: Segment Reporting

For the year ended March 31, 2014, the company has identified geographical segments as its primary segment and business segment as its secondary segment.

The geographical segments of the company based on the location of assets are United Kingdom, Asia and Others

The business segments considered by the Company are:

- Garments & Other Consumer Products
- Other Segments

A. Geographical Segment**(Amount in ₹)**

Particulars	UK	Asia	Others	Total	Elimination	Total
Segment Revenue						
Segment Sales	1,467,232,604	35,059,678,215	84,598,295	36,611,509,114	51,156,992	36,560,352,122
Inter Segment Sales	38,563,392	387,443,137	468,909,084	894,915,613	894,915,613	-
Total Segment Sales	1,505,795,996	35,447,121,352	553,507,379	37,506,424,727	946,072,605	36,560,352,122
Other Operating Income	114,074,217	194,780,184	1,317,400	310,171,801	-	310,171,801
Total Segment Revenue	1,619,870,214	35,641,901,536	554,824,778	37,816,596,527	946,072,605	36,870,523,923
Total Revenue of each segment as a percentage of total revenue of all segment	4.28	94.25	1.47	100.00	-	-
Total Segment Operative Profit	90,668,613	173,400,903	31,779,098	295,848,614	-	295,848,614
Depreciation	18,583,622	110,752,588	25,935,631	155,271,841	-	155,271,841
Extraordinary Item	-	11,405,176	15,333,562	26,738,738	-	26,738,738
Unallocated Expenses	-	-	-	-	-	123,992,330
Total Segment Result before Interest & Taxes/Extraordinary items	90,668,613	184,806,079	47,112,660	322,587,352	123,992,330	198,595,022
Total EBIT of each segment as a percentage of total EBIT of all segment	28.11	57.29	14.60	100.00	-	-
Net Financing Income	-	-	-	93,963,704	-	93,963,704
Income Tax Expenses	-	-	-	28,157,847	-	28,157,847

Extraordinary Item	-	11,405,176	15,333,562	26,738,738	-	26,738,738
Profit for the Year	90,668,613	173,400,903	31,779,098	361,654,471	123,992,330	237,662,141
SEGMENT ASSETS	1,538,884,058	10,642,179,757	1,025,611,619	13,206,675,435	-	13,206,675,435
Segment Assets as a percentage of Total assets of all segments	11.65	80.58	7.77	100.00	-	-
SEGMENT LIABILITIES	1,314,534,274	6,903,127,219	131,074,198	8,348,735,691	-	8,348,735,691
Segment Liabilities as a percentage of Total Liabilities of all segments	15.75	82.68	1.57	100.00	-	-
Segment Capital Employed	224,349,784	3,739,052,538	894,537,421	4,857,939,743	-	4,857,939,743
Segment Capital Employed as a percentage of Total capital employed of all segments	4.62	76.97	18.41	100.00	-	-
Capital Expenditure	7,193,813	99,877,391	9,997,219	117,068,423	-	117,068,423
Segment Capital Expenditure as a percentage of Total capital expenditure of all segments	6.14	85.32	8.54	100.00	-	-
Depreciation	18,583,622	110,752,588	25,935,631	155,271,841	-	155,271,841

B. Business Segment

(Amount in ₹)

	Garments and other consumer products	Other segments	Total Segment	Elimination	Total
SEGMENT REVENUE					

External Sales	36,560,352,122	-	36,560,352,122	-	36,560,352,122
Inter Segment Sales	-	51,156,992	51,156,992	51,156,992	-
Total Segment Sales	36,560,352,122	51,156,992	36,611,509,114	51,156,992	36,560,352,122
Other Operating Income	310,171,801	-	310,171,801	-	310,171,801
Total Segment Revenue	36,870,523,923	51,156,992	36,921,680,915	51,156,992	36,870,523,923
Total Revenue of each segment as a percentage of total revenue of all segment	99.86	0.14	100	-	-
Segment Result EBIDTA	434,192,494	16,927,961	451,120,454	-	451,120,454
Total EBIDTA of each segment as a total EBIDTA	96.25	3.75	100	-	-
Depreciation	126,340,801	28,931,040	155,271,841		155,271,841
Extraordinary Item					26,738,738
Unallocated Expenses	-	-	-	-	123,992,330
Total Segment Result before Interest & Taxes/Extraordinary items	307,851,693	(12,003,079)	295,848,614	-	198,595,022
Total EBIT of each segment as a percentage of total EBIT of all segment	104.06	(4.06)	100	-	-
Net Financing Income	-	-	-	-	93,963,704
Income Tax Expenses	-	-	-	-	28,157,847
Extraordinary Item	-	-	-	-	26,738,738

Profit For the Year	-	-	-	-	237,662,141
SEGMENT ASSETS	12,129,460,885	1,077,214,550	13,206,675,435	-	13,206,675,435
Segment Assets as a percentage of total assets of all segments	91.84	8.16	100	-	-
SEGMENT LIABILITIES	8,209,308,198	139,427,493	8,348,735,691	-	8,348,735,691
Segment Liabilities as a percentage of total liabilities of all segments	98.33	1.67	100	-	-
Segment Capital Employed	3,920,152,686	937,787,058	4,857,939,744	-	4,857,939,743
Segment Capital Employed as a percentage of total capital employed of all segments	80.70	19.30	100	-	-
Capital Expenditure	117,068,423		117,068,423		117,068,423
Segment Capital Expenditure as a percentage of total capital expenditure of all segments	100.00	-	100	-	-
Depreciation	126,340,801	28,931,040	155,271,841	-	155,271,841

Note 30 : Disclosure of Related parties/ Related parties transactions :**A Name of the Related Parties and description of relationship**

Nature of Relationship	Name of the Related party
Holding Company	Pearl Global Industries Limited
Subsidiaries and Sub-subsidiaries	Pallas Holdings Limited
	Transnational Textile Group Ltd.
	JSM Trading Limited
	Superb Mind Holdings Limited
	Grupo Extremo SUR S.A.
	Frou Holdings Ltd.
	NAFS Limited
	Priscilla Investments (Mtius) Limited
	Norp Knit Industries Limited
	Pearl Global (HK) Limited
	Pearl Global Fareast Limited

B. Disclosure of Related Parties Transactions:

(Amount in ₹)	
Nature of Transaction	For the year ended on March 31,2014
Advance Given	129,488,336
Advance Recovered	8,467,068
Advance received	34,935,529
Advance Repaid	129,215
Loan received	63,511,697
Loan re-paid	10,000,000
Consultancy Fees paid	171,744,585
Interest paid	632,709
Closing Balance	
- Other Receivable	169,740,129
- Other Payable	95,879,793

C. Disclosure of Related Parties having more than 10% interest in each transaction in the ordinary course of business

(Amount in ₹)

Nature of Transaction	For the year ended on March 31, 2014
Advance Given	
Grupo Extremo	107,935,694
Advance Recovered	
Pearl Global (HK) Limited	3,673,552
Pallas Holding Limited	4,564,054
Advance Received	
Pearl Global Industries Limited	34,916,117
Advance Repaid	
Transnational Textile Group Limited	129,215
Loan Received	
Pearl Global Industries Limited	63,511,697
Loan Repaid	
Pearl Global Industries Limited	10,000,000
Consultancy paid	
JSM Trading Limited	171,744,585
Interest Paid	
Pearl Global Industries Limited	632,709
Closing Balance	
Receivable	
JSM Trading Limited	
Grupo Extremo SUR S.A.	121,886,466
Frou Holding Limited	40,278,619
Norp Knit Industries Limited	7,485,635
NAFS	

	89,429
Payable	
Pearl Global Industries Limited	95,879,793

D. Scheme of Arrangement

During the current year, consequent upon sanction of “Scheme of Arrangement” (the Scheme), for demerger of the Sourcing, Distribution and Marketing Business (‘Demerged Undertaking’) of Pearl Global Industries Limited (‘Transferor Company’) into the Company, as approved by the Hon’ble High Court of Delhi vide its Order dated March 10, 2014 u/s 394(2) of the Companies Act, 1956 and subsequent filing of said Order with the Registrar of Companies, NCT of Delhi & Haryana on May 13, 2014 being the ‘Effective Date’, the financial statements of the Company have been prepared in accordance with the relevant clauses of the Scheme as under:-

i) The demerger has been accounted for under the “pooling of interest” method as prescribed by the Accounting Standard (AS-14) of the Company (Accounting Standards) Rules, 2006. Accordingly, for the year ended March 31, 2014, all assets and liabilities of the ‘Demerged Undertaking’ have been transferred to the Company at the book values with effect from April 01, 2012 being the ‘Appointed Date’ resulting into creation of ‘Share Capital Suspense Account’ by ₹ 2,599.67 Lacs and ‘Capital Reserve’ by ₹ 8,078.07 Lacs. Further, there are no differences in the accounting policies of the Company and as followed by the transferor Company; hence no adjustments have been made.

ii) The scheme interalia provided for issuance of six fully paid up equity shares of ₹ 10 each to the shareholders of the Transferor Company for every five fully paid up equity shares of ₹10 each held in the Transferor Company.

iii) In effect of above, the financial results of the Company for the current year includes the transactions of ‘Demerged Undertaking’ as under:

Particulars	For the financial year 2013-14 (Refer sub note ‘a’ below)
Total Revenue	138.62 Lacs
Profit/ (loss) before tax	(174.82) Lacs
Profit/ (loss) after tax	(120.80 Lacs)

a) The financial results for the financial year 2013-14 are included in Statement of Profit & Loss of the Company.

b) The financial results for the financial year 2012-13 are included directly in Reserves & Surplus of the Company.

Note 31 Currency Derivative

- (i) One of the Sub-subsidiaries, Poeticgem Limited utilises currency derivatives to hedge significant future transactions and cash flows. The Sub-subsidiary is a party to a variety of foreign currency contracts and options in the management of its exchange rate exposures

Particulars	Asset	Liabilities
	2014	2014
	USD	USD
Forward Foreign Exchange (fair value)	52,367	NIL
	(Equivalent to ₹ 3,147,257)	

The terms of the forward currency contracts has been negotiated to match the terms & commitments. The Cash Flow Hedges of the expected future purchase were assessed to be highly effective and as at 31st March 2014, an recognised profit of ₹ 3,147,257 was included in the Hedging reserves in respect of these contracts.

The ineffective portion recognized in the consolidated statement of profit or loss and other comprehensive income that arises from cash flow hedges amounts to gain of ₹ 31,445,161.

At the reporting date, the total notional amounts of outstanding forward foreign exchange contracts that the Sub-subsidiary has committed to are as below:

Particulars	As At March 31, 2014
	USD
Forward Foreign Exchange Contract	3,764,176
	(Equivalent to ₹ 226,226,978)

These commitments have been entered into to hedge against future payments to suppliers and receipts from customers in the ordinary course of business that will fall due in the period ending 31 March 2015.

At 31 March 2014, the Sub-subsidiary held 11 forward currency contracts designated as hedges in respect of expected future purchases from suppliers in Asia, for which the company has firm commitments.

These arrangements are designed to address significant exchange exposures and are renewed on a revolving basis as required.

(ii) Foreign Currency contracts

One of the subsidiaries, Norwest Industries Limited, utilises Foreign Currency contracts:

Particulars	Asset	Liabilities
	2014	2014
	USD	USD
Foreign Currency contracts	NIL	176,510
		(Equivalent to ₹ 10,608,251)

(iii) Forward currency contracts – cash flow hedges

At 31 March 2014, the Subsidiary Norwest Industries Limited and its subsidiaries held 63 and 38 forward currency contracts designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Subsidiary has firm commitments.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges of the expected future sales between April 2014 and December 2014 were assessed to be highly effective and a net loss of ₹172,034,594 was

included in the hedging reserve for the year.

Note 32 : Lease

PDS Multinational Fashions Limited

The company has taken immoveable property located in Bangalore on cancellable lease in August 2012 and has debited ₹ 1,894,706 to the Statement of profit and loss during the year; including rent recognized on straight line basis of ₹ 73,800 in pursuance of Para-23 of Accounting Standard- 19" Leases" issued by Companies Accounting Standard Rules 2006.

Multinational Textile Group Limited and its subsidiaries

Operating Lease Commitments

The Sub-subsidiaries Poeticgem Limited, Norwest Industries Limited, Zamira Fashions Limited, FX Imports Company Limited and Pacific Logistics Ltd. Had the following lease arrangements:

Poeticgem Limited, Pacific Logistics Limited, Norwest Industries Limited and FX Imports Company Limited

Particulars	(Amount in ₹)
	For the year ended on March 31, 2014
Minimum lease payments under operating lease recognized in the consolidated statement of profit & loss for the year	26,147,556

The subsidiaries Norwest industries and its subsidiaries, Simple Approach Limited, Zamira Fashion Limited, PG Group, Casa Forma Limited and PDS Asia Star Corporation Limited and Sub-subsidiaries Poeticgem Limited, Pacific Logistics Limited, FX Import Company Limited and FX Hong Kong Limited had outstanding commitments for future minimum lease payments under its non-cancellable operating leases, which fall due as follows

Particulars	(Amount in ₹)			
	Land & Buildings		Others	
	As March 31, 2014	At March 31, 2014	As March 31, 2014	At March 31, 2014
Within one year		2,369,785,371		8,690,869
In the second to fifth years		167,581,638		8,286,371
More than 5 years		14,632,667	-	
Total		2,551,999,676		16,977,240

Operating lease payments represent rent payable by the sub subsidiaries and sub subsidiaries

Norwest Industries limited

The company lease its staff quarters and office premises under operating lease arrangements, such leases for properties are negotiated for terms ranging from “one to four” years.

- Note 33** In view of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated as on balance sheet date.
- Note 34** The process of receiving confirmation from trade payables & receivables is an ongoing process and as at March 31st 2014, the Company is in process of receiving the confirmations from the parties.
- Note 35** Since the consolidated financial statements of the company are for the first time as at March 31, 2014 there are no previous year's comparable figures for the year ending March 31, 2013.
- Note 36** Figures are rounded off to the nearest rupee.

For & on behalf of Board of Directors

(DEEPAK SETH)
DIRECTOR

DIN. No. 00003021

(PAYAL SETH)
DIRECTOR

DIN. No.00003035

PLACE: NEW DELHI

DATE: 26 May 2014

STANDALONE RESULTS

Independent Auditors' Report

Report On the Financial Statements

We have audited the accompanying financial statements of **M/S PDS MULTINATIONAL FASHIONS LIMITED, ("the Company")**, which comprise the Balance Sheet as at **31st March, 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

Attention is invited to the following:

"Pursuant to the approval of the scheme of arrangement between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) for demerger of Sourcing, Distribution and Marketing business of transferor company (Demerged Undertaking) by order of Hon'ble High Court of Delhi vide its order dated March 10, 2014 u/s 394(2) of the Companies Act, 1956 and subsequent filing of said Order with the Registrar of Companies, NCT of Delhi & Haryana on May 13, 2014 being the 'Effective Date', the attached financial statements includes financial statements of demerged undertaking w.e.f. appointed date i.e. April 1st, 2012. Further, these financial statements pertaining to demerged undertaking have been extracted from the books of account and records maintained by the transferor company. This extraction and compilation of financial statements is as envisaged in the scheme and is based on several allocations made by the Management on reasonable basis and have been relied by us."

- (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014, issued by Ministry of Corporate Affairs.
- (e) **On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;**
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
Regn. No. 001478N**

**(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689**

**PLACE: NEW DELHI
DATED: 26 May 2014**

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading of
“Report on Other Legal & Regulatory Requirements” of our report of even date)

RE: PDS MULTINATIONAL FASHIONS LIMITED

- i) In respect of its fixed assets:
 - a) The Company has maintained adequate records showing particulars of fixed assets including quantitative details and situation.
 - b) As explained to us, all the fixed assets have been physical verified by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The discrepancies noticed during verification were not material.
 - c) In our opinion, during the year the Company has not disposed off substantial part of its fixed assets and going concern status of the Company is not affected.
- ii) In respect of inventories:

During the year the Company does not hold any inventory. Hence, provision of clause (ii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- iii) In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) to d) The Company has not given loan to any Company, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, provisions of clause 4(iii)(a) to(d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - e) The Company had taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. In respect of said loan, the maximum amount outstanding at any time during the year was ₹ 35,276,455 and the year-end balance of loans taken from such party was ₹ 35,276,455.
 - f) In our opinion and according to the explanations given to us, the loan obtained during the year is interest free and other terms and conditions which loan is taken by the Company are not prime facie prejudicial to the interest of the Company.
 - g) In respect of the aforesaid loans taken by the Company, the principal amount is repayable/ adjustable on the prerogative of the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sales of goods and services. Further, on the basis of our examination of the books and record of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to explanation given to us, the transactions made in

pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding values of ₹ 500,000 in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.

- vi) The Company has not accepted deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The requirement as to maintenance of cost records and accounts prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company. Therefore, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ix) In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable have been generally regularly deposited with the appropriate authorities.
 - b) According to the records of the Company examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
 - c) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income Tax, Sales Tax, Custom duty, Excise Duty, Service Tax, cess that have not been deposited with the appropriate authorities on account of dispute.
- x) The Company has not completed its five years from the date of incorporation. Hence the provisions of clause 4(x) are not applicable to the Company.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions during the year. There were no dues payable to debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiii) The Company is not a chit fund or a nidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore,

- the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvi) In our opinion and according to the information and explanations given to us, no term loans have been obtained by the company during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term purposes.
- xviii) During the year, the Company has not allotted shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx) According to the information and explanation given to us, during the year covered under audit the Company has not raised any money by way of public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

**For S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
Regn. No. 001478N**

**(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689**

**PLACE: NEW DELHI
DATED: 26 May 2014**

PDS MULTINATIONAL FASHIONS LIMITED
Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As At March 31, 2014	As At March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	500,000	500,000
Share Capital Suspense Account	4	259,967,240	-
Reserves and surplus	5	786,937,488	999,244
		1,047,404,728	1,499,244
Non-current Liabilities			
Long-term borrowings	6	1,964,076	-
Deferred tax Liability(net)	7	4,031,765	97,376
Long-term provisions	8	835,705	-
		6,831,545	97,376
Current Liabilities			
Short-term borrowings	9	35,276,455	10,514,996
Trade Payable	10	2,923,799	151,686
Other current liabilities	11	10,709,153	579,037
Short-term provisions	8	36,600	-
		48,946,007	11,245,719
Total		1,103,182,280	12,842,339
ASSETS			
Non-current Assets			
Fixed Assets	12		
Tangible Assets		35,055,624	5,141,850
Intangible Assets		16,711,625	103,046
Capital work-in-progress		23,145,409	-
Non-current investments	13	1,005,025,338	-
Long-term loans and advances	14	18,993,697	1,391,255
		1,098,931,693	6,636,152
Current Assets			
Trade Receivables	15	-	4,727,269
Cash & Bank Balance	16	2,890,289	737,572
Short-term loans and advances	14	1,360,298	741,347
		4,250,587	6,206,188
Total		1,103,182,280	12,842,339

Summary of Significant Accounting Policies 2

The Notes Referred to above, form an integral part of financial statements

As per our Audit report of Even date attached

FOR S.R. DINODIA & CO., LLP
CHARTERED ACCOUNTANTS
REGN. NO.
001478N/N500005

(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689

(DEEPAK SETH)
Director
DIN 00003021

(PAYEL SETH)
Director
DIN 00003035

PLACE: NEW DELHI
DATE: 26 May 2014

PDS MULTINATIONAL FASHIONS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED March 31, 2014

Particulars	Note No.	(Amount in ₹)	
		For the period ended March 31, 2014	For the period ended March 31, 2013
INCOME			
Revenue from Operation	17	51,156,992	18,390,085
Total Income (I)		51,156,992	18,390,085
Expenses			
Employee Benefits Expense	18	25,250,094	12,207,985
Finance Costs	19	833,374	572,219
Depreciation and amortization expense	12	21,241,304	172,016
Other Expenses	20	17,546,484	3,849,759
Total expenses (II)		64,871,256	16,801,980
Profit before exceptional items and tax (I-II)		(13,714,264)	1,588,106
Extraordinary items		-	-
Profit before tax (III-IV)		(13,714,264)	1,588,106
Tax expense:			
Current Tax		-	(364,745)
Deferred Tax		4,215,048	(97,376)
Profit after Tax (IV-V)		(9,499,216)	(1,125,985)
Earnings per equity share:			
Basic	23	(189.98)	22.52
Diluted		(189.98)	22.52
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached

FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
REGN. NO. 001478N

(SANDEEP DINODIA)
PARTNER
M. NO. 083689

PLACE: NEW DELHI
DATE: 26 May 2014

For & on behalf of Board of Directors

(DEEPAK SETH)
Director
DIN 00003021

(PAYEL SETH)
Director
DIN 00003035

PDS MULTINATIONAL FASHIONS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	For the period Ended March 31, 2014	For the period Ended March 31, 2013
A. Net Profit/(Loss) Before Tax and Exceptional Items	(13,714,264)	1,588,106
Adjustments for :		
Depreciation	21,241,304	172,016
Transfer of Deferred Tax – Demerger	8,149,437	-
Interest Paid	833,374	572,219
Operating Profit/loss before working capital changes	16,509,851	2,332,341
Adjustments for Changes in Working Capital		
Trade and other Receivables	4,727,269	(4,727,269)
Loans and Advances	(18,221,393)	(1,942,347)
Trade Payables	12,902,229	603,983
Provisions	872,304	-
Cash Generated from operations	16,790,260	(3,733,292)
Direct Taxes (Paid)/Refunds	-	(555,000)
Net Cash Generated/(used) in Operating Activities (A)	16,790,260	(4,288,292)
B. Cash Flow from Investing Operations:		
(Purchase)/sale of Fixed Asset	(9,874,934)	(5,416,913)
Transfer of Net Fixed Assets – Demerger	(81,034,130)	-
Transfer of Investments- Demerger	(1,005,025,338)	-
Cash From Investing activities (B)	(1,095,934,402)	(5,416,913)
C. Cash Flow from Financing Activities		
Net Proceeds from Share Capital- Demerger	259,967,240	-
Capital Reserve – Demerger	807,807,101	-
Retained Earnings- Demerger	(12,369,641)	-
Interest Paid	(833,374)	(572,219)
Proceeds from Borrowings	26,725,535	10,514,996
Net cash From financing activities (C)	1,081,296,858	9,942,777
Net Increase In Cash And Cash Equivalents (A+B+C)	2,152,716	237,572

Cash / Cash equivalents at the beginning of the year	737,573	500,000
Cash / Cash equivalents at the close of the year	2,890,289	737,572
Components of Cash and Cash equivalents		
Balances with Scheduled Banks		
i) In Current Accounts	2,890,289	691,222
ii) Cash on hand	-	46,351
	2,890,289	737,573

Summary of Significant Accounting Policies 2.3

The accompanying notes are an integral part of the financial statements

For S.R. DINODIA & CO.,LLP

**For & on behalf of
Board of Directors**

**CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005**

**(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689**

**(DEEPAK SETH)
Director
DIN 00003021**

**(PAYEL SETH)
Director
DIN 00003035**

**PLACE: NEW DELHI
DATE: 26 May 2014**

PDS MULTINATIONAL FASHIONS LIMITED**Notes to Financial Statements for the year ended March 31, 2014****Note 1****Corporate Information**

PDS Multinational Fashions Limited is a limited company (hereinafter referred as 'the company') domiciled in India and incorporated on April 06, 2011 under the provisions of the Companies Act, 1956. The company is engaged in providing services to group companies engaged in the export of ready to wear apparels and helping them for sourcing & distribution of their products.

Note 2**2.1 Basis of Preparation**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP"), and mandatory accounting standards issued by the Companies (Accounting Standards) Rules 2006 (as amended) and the provisions of the Companies Act, 1956 ("the Act") as adopted by the Company. The company has complied in all material respects with the Accounting Standards notified under the Companies Act 1956 read with General Circular 8/ 2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless other wise stated

2.2 Uses of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which requires making of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets & liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known/materialized.

Note 2.3 Summary of Significant Accounting Policies**a) Revenue/Expenditure Recognition**

- (i) Revenue from sale of service is recognized on cost plus method; when services are rendered and same becomes chargeable. Service Income comprises amounts billed for data processing, sourcing and distribution support services rendered to inter-company affiliate(s) in accordance with terms of agreements entered into with them.
- (ii) Revenue from sale of samples is recognised on accrual basis and when all the significant risk and rewards of ownership have been passed to the buyer.

b) Fixed Assets & Depreciation

- i) Fixed Assets are stated at cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation. Fixed assets under construction and advance paid towards acquisition of fixed assets are shown as capital work in progress
- ii) Depreciation is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956. The assets costing up to Rs 5.000 are fully depreciated in the year of purchase.

c) Intangible Assets

Intangible assets such as technical know how fees, etc. which do not meet the criterions laid down, in the terms of Accounting Standard 26 on "Intangible Assets" as issued by the

Companies (Accounting Standards) Rules, 2006 are written off in the year in which they are incurred. If such costs/expenditure meet the criterion, it is recognized as an intangible asset and is measured at cost. It is amortized by way of a systematic allocation of the depreciable amount over its useful life and recognized in the balance sheet at net of any accumulated amortization and accumulated impairment losses thereon.

Software is amortized over the period of 5 years which in the opinion of the management is the estimated economic life.

d) Inventory Valuation

Inventories are valued at the lower of cost and net realisable value. Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is calculated on First in First out (FIFO) method.

e) Cash Flow Statement

Cash flows are reported using the indirect method as specified in Accounting Standard (AS-3) Cash Flow Statement.

f) Foreign Currency Transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains and losses on foreign exchange transactions during the year are recognized in the Statement of Profit and Loss. Foreign currency monetary items are translated at the year end rates and resultant gain/losses on foreign exchanges translations, are recognized in the profit and loss account.

Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

g) Employee Benefit

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employees Benefits (Revised 2005) issued by the Company (Accounting Standard) Rules, 2006

a) Short-term employee benefit : All employees' benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services at undiscounted amount.

b) Post Employment Benefit Plans: Payments to Defined Contribution Retirements Benefit Schemes are charged as an expense as they fall due. In case of Defined Benefit Schemes, the cost of providing benefits are provided on the basis of management estimation at the year end.

h) Operating Leases

Lease payments under an operating lease are recognized as an expense in the Statement of Profit and loss on straight-line basis over the lease term.

g) Taxes On Income

Tax expense comprises current and deferred tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes (asset/ liability) reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

k. Provision, Contingent Liabilities And Contingent Assets

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

I. Earning per Share (EPS)

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be anti dilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

PDS MULTINATIONAL FASHIONS LIMITED**Notes to Financial Statements for the year ended March 31, 2014****(Amount in ₹)****As At March 31, 2014****As At March 31, 2013****NOTE 3 : SHARE CAPITAL****Authorised**500,000 (March 31, 2013: 500,000) @ ₹ 10/- each
fully paid up

5,000,000

5,000,000

5,000,000**5,000,000****Issued, Subscribed & Paid-up Shares**50,000 (March 31, 2014: 50,000) @ ₹ 10/- each fully
paid up

500,000

500,000

5,00,000**5,00,000****a. Share Capital Reconciliation****March 31, 2014****March 31, 2013****No. of
Shares****Amount (₹)****No. of
Shares****Amount (₹)****Equity Share Capital**

(i) Balance of Shares at the beginning of year

50,000

500,000

-

-

(ii) Add:- addition during the year

-

50,000

500,000

(iii) Less:- Buy Back during the year

-

-

-

(iv) Balance of Shares at the end of the year

50,000**500,000****50,000****500,000****b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5 percent shares in the company**(Amount in ₹)****As at March 31, 2014****As at March 31, 2013****No. of shares % holding****No. of shares % holding**Pearl Global Industries Limited (Holding
Company)

49,994

99.9%

49,994

99.9%

(Amount in ₹)**As at March 31, 2014****As at March 31, 2013****NOTE 4 : SHARE CAPITAL SUSPENSE
ACCOUNT**

Share Capital Pending Allotment [Refer note 21'C']

259,967,240

-

259,967,240**-**

	As at March 31, 2014	(Amount in ₹) As at March 31, 2013
NOTE 5 : RESERVES AND SURPLUS		
Capital Reserve		
Balance at the beginning of the year	-	-
Add:- Addition on account of demerger [Refer Note 21'C']	807,807,101	-
Less:- Utilised during the year		
	(A)	
Balance at the end of the year (A)	807,807,101	-
Surplus / Profit & Loss		
Balance at the beginning of the year	999,245	(126,740)
Add:- Addition of demerger undertaking [Refer Note 21'C']	(12,369,641)	-
Profit/(Loss) for the year	(9,499,216)	1,125,985
Less:- Utilised during the year	-	-
Balance at the end of the year (B)	(20,869,612)	999,245
Total Reserves & Surplus (A+B)	786,937,488	(999,245)

	Non-current		Current Maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
NOTE 6 : LONG TERM BORROWINGS				
Term loan (Secured)				
From Financial Institution				
Vehicle loan	1,964,076	-	481,883	-
	1,964,076	-	481,883	-
Less: Amount disclosed in other current liabilities	-	-	481,883	-
(Refer Note 11)				
	1,964,076	-	-	-

a) The nature of Security for the Secured Loan is as under:

Vehicle loan has been taken during the year from BMW Financial Services and is secured against hypothecation of respective vehicle. The applicable rate of interest ranges between 10 to 11 % p.a.

b) Maturity profile of Secured Term Loans is set out as below:

Outstanding EMI as on March 31, 2014	51
Amount repayable in	Amount (₹)
FY 2014-15	481,883
FY 2015-16	534,988
FY 2016-17	593,946
FY 2017-18	659,401
FY 2018-19	175,740

NOTE 7 : DEFERRED TAX LIABILITY

(Amount in ₹)

As at March 31, 2014 As at March 31, 2013

Deferred Tax Liabilities

Fixed assets : Impact of difference between depreciation as per Income Tax Act and depreciation/amortization charged for financial reporting

5,957,305 125,979

Gross Deferred Tax Liabilities (A)

5,957,305 125,979

Deferred Tax Assets

Impact of expenditure charged to the 282,456 28,604 statement of profit and loss in the current year but allowed for tax purposes on payment basis

282,456 28,604

Business Losses

1,643,085 -

Gross Deferred Tax Asset (B)

1,925,541 28,604

Net Deferred Tax Liability (A-B)

4,031,765 97,376

NOTE 8 : PROVISIONS

	Non Current		Current
	March 31,	March 31	March 31,
	2014	2013	2014
			March 31,
			2013
Provisions for employees benefits			
Provision for Gratuity	499,782	-	-
Provision for Leave Encashment	298,722		-
Other provisions			
Provision for Lease Equalisation	37,201	-	36,600
Total	835,705	-	36,600

NOTE 9: SHORT TERM BORROWINGS	(Amount in ₹)	
	As at March 31, 2014	As at March 31, 2013
Loans and Advance from Related Parties (Unsecured)	35,276,455	10,514,996
TOTAL	35,276,455	10,514,996

- a) The outstanding amount as on March 31st 2014 is pursuant to the demerger transaction and repayable on demand. It carries Nil rate of Interest.
- b) The outstanding amount as on March 31st 2013 was repayable on demand and carried interest rate @ 12% p.a.

NOTE 10 : TRADE PAYABLES	As At March 31, 2014	As At March 31, 2013
Amount due to Micro Small and Medium Enterprises (Refer Note 'a' below)	-	-
Amount due to Others	2,923,799	151,686
Total (Refer Note 'b' below)	2,923,799	151,686

a) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	As At March 31, 2014	As At March 31, 2013
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
i) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year	-	-
ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
iii) The Amount of Interest accrued and remaining unpaid at the end of Each accounting Year	-	-
iv) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	-	-

2006

- b. **This amount does not include any amount to be transferred to-
*Investor Education and Protection Fund***

(Amount in ₹)

NOTE 11: OTHER CURRENT LIABILITIES	As at March 31, 2014	As at March 31, 2013
Statutory Dues Payable	740,026	579,037
Current maturities of long-term borrowings (Refer Note 6)	481,883	-
Interest Accrued but not due	10,355	-
Advance from Customer	9,476,889	-
Total	10,709,153	579,037

NOTE 12 : FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTIZATION				NET BLOCK	
	As At April 1st 2013	Addition during the year	Addition on account of Demerger Scheme	Deduction	As At March 31st 2014	As At April 1st 2013	For the year	Addition on account of Demerger Scheme	As At March 31st 2014	As At March 31st 2014	As At March 31st 2013
A. Tangible Assets											
Land	-	-	6,880,947	-	6,880,947	-	-	-	-	6,880,947	-
Buildings	-	-	21,342,556	-	21,342,556	-	331,829	5,541,164	5,872,993	15,469,562	-
Plant & Machinery	455,961	336,678	4,103,679	-	4,896,318	39,603	552,576	2,369,513	2,961,691	1,934,626	416,358
Office Equipments	1,618,106	418,553	3,087,023	-	5,123,682	33,941	242,603	334,048	610,592	4,513,090	1,584,165
Furniture and fixtures	3,226,064	-	-	-	3,226,064	84,737	204,210	-	288,947	2,937,117	3,141,327
Vehicle	-	3,575,000	-	-	3,575,000	-	254,719	-	254,719	3,320,281	-
Total	5,300,131	4,330,231	35,414,204	-	45,044,566	158,281	1,585,937	8,244,725	9,988,942	35,055,624	5,141,850
B. Intangible Assets											
Computer software	116,782	5,544,703	93,875,367	-	99,536,852	13,736	19,655,367	63,156,124	82,825,227	16,711,625	103,046
Total	116,782	5,544,703	93,875,367	-	99,536,852	13,736	19,655,367	63,156,124	82,825,227	16,711,625	103,046
C. Capital Work in Progress											
CWIP	-	-	23,145,409	-	23,145,409	-	-	-	-	23,145,409	-
Total	-	-	23,145,409	-	23,145,409	-	-	-	-	23,145,409	-
Grand Total (A+B+C)	5,416,913	9,874,934	152,434,980	-	167,726,827	172,017	21,241,304	71,400,849	92,814,169	74,912,658	5,244,897

PDS MULTINATIONAL FASHIONS LIMITED**Notes to Financial Statements for the year ended March 31, 2014**

	(Amount in ₹)	
	As At March 31, 2014	As At March 31, 2013
NOTE 13: NON-CURRENT INVESTMENTS		
Trade (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
Investment in Subsidiary Company		
Multinational Textiles Group Limited, Mauritius	1,005,025,338	-
21,948,270 (March 31, 2013: Nil) Equity Shares of USD 1 each fully paid up		
Total	1,005,025,338	-

- a) Aggregate Book value of Investments ₹ 1,005,025,338 (March 31, 2013: Nil)
- b) Aggregate Market value of Investments Nil (March 31, 2013: Nil)
- c) The Shares with respect to above investment are pending transfer in the Name of the Company on March 31, 2014

NOTE 14: LOANS AND ADVANCES

	(Amount in ₹)			
	Non - Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital Advances	16,268,297	-	-	-
(Unsecured Considered Good)				
(A)	16,268,297	-	-	-
Security Deposit				
Unsecured – Considered Good	1,281,000	1,201,000	-	-
(B)	1,281,000	1,201,000	-	-
Advances Recoverable in cash or kind				
Unsecured – Considered Good	-	-	24,895	611,200
(C)	-	-	24,895	611,200
Other Loans & Advances(Unsecured Considered Goods)				
Prepaid Expenses	-	-	1,113,935	130,147
Advance Tax				
[Net of provisions of ₹NIL (March 31, 2013: ₹ 364,745)]	1,234,000	190,255	-	-
Advance to Employee	210,400		221,468	
(D)	1,444,400	190,255	1,335,403	130,147
Total A+B+C+D	18,993,697	1,391,255	1,360,298	741,347

		(Amount in ₹)
	As At March 31, 2014	As At March 31, 2013
a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances)	69,759,513	-
Total	69,759,513	-

		(Amount in ₹)
	As At March 31, 2014	As At March 31, 2013
NOTE 15: TRADE RECEIVABLES & OTHER ASSETS		
(Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Others (Less than Six Months)	-	4,727,269
Unsecured - Considered Good	-	-
Total	-	4,727,269

		(Amount in ₹)
	As at March 31, 2014	As at March 31, 2013
NOTE 16: CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Scheduled Banks:-		
On current accounts	2,890,289	691,222
Cash on Hand	-	46,350
Total	2,890,289	737,572

		(Amount in ₹)
	For the year ended March 31, 2014	For the year ended March 31, 2013
NOTE 17: REVENUE FROM OPERATIONS		
Sale of Service	37,294,920	18,390,085
Sale of Product	13,862,072	-
Total	51,156,992	18,390,085
a) Detail of products sold		
Sample Designing Sale	13,862,072	-
	13,862,072	-
b) Details of Service Rendered		

Sourcing and Distribution Service	37,294,920	18,390,085
	37,294,920	18,390,085
c) Earnings in Foreign Exchange		
Sale of Service	37,294,920	18,390,085
	37,294,920	18,390,085
d) Prior Period Income		
Sale of Service	439,775	-
	439,775	-

Note 18: Employee Benefit Expense

	For the year ended March 31, 2014	(Amount in ₹) For the year ended March 31, 2013
Salaries & Wages	24,676,369	12,121,840
Gratuity	143,132	-
Leave Encashment	53,863	-
Contribution to Provident and Other Fund	302,548	25,421
Staff Welfare Expenses	74,183	60,724
	25,250,094	12,207,985

Note 19: Finance Cost

Particulars	For the year ended March 31, 2014	(Amount in ₹) For the year March 31, 2013
Interest Expense		
On Loan from Holding Company	632,709	514,996
On Vehicle Loan	189,285	-
Others	11,380	57,223
	833,374	572,279

Note 20: Other Expenses

	For the year March 31, 2014	(Amount in ₹) For the year March 31, 2013
Manufacturing Expenses	6,100,233	
Power & Fuel	392,696	150,338
Rent	1,894,706	792,038
Rates & Taxes	69,507	174,945
-Building	-	47,190
-Others	235,766	63,145
Commission & Brokerage	-	131,110
SAP Expenses	860,387	-
Travel & Conveyance	2,771,275	1,052,746
Communication	690,922	304,697
Printing & Stationery	80,384	86,506
Advertisement & Sales promotion	177,175	-
Legal & Professional Fee	1,581,149	378,656
Payment to Auditors (refer note below)	955,060	168,540
Exchange Difference (Net)	1,057,465	193,216

Miscellaneous Expenses	679,759 17,546,484	86,522 3,849,759 (Amount ₹)
	For the year March 31, 2014	For the year ended March 31, 2013
a) Payment to Auditors		
As Auditor:		
Statutory Audit Fee	650,000	100,000
Tax Audit Fee	100,000	25,000
Others	100,000	25,000
Service Tax	105,060	18,540
	955,060	168,540
b) Prior Period Expenses		
Legal and Profession	83,333	-
	83,333	-

Note 21: Disclosure of Related parties/Related parties transactions:**A. Name of the Related Parties and description of Relationship**

Nature of Relationship	Concerns
Holding Company	Pearl Global Industries Ltd.
Fellow Subsidiaries	Multinational Textile Group Limited

NOTE: Pursuant to the scheme of demerger, Multinational Textile Group Limited has become the subsidiary of the company for the year ended March 31, 2014 & also for the financial year ended March 31, 2013.

B. Disclosure of Related Parties Transactions:**I. Holding Company**

Particulars	(Amount in ₹)	
	March 31, 2014	March 31, 2013
Loan Received	-	10,000,000
Loan Repaid	10,000,000	-
Interest Expense	632,709	-
Closing Balance (Payable)	35,276,455	-

II. Subsidiary Company

Particulars	March 31, 2014	March 31, 2013
Service Income	37,294,920	18,390,085
Advance received for services to be rendered	9,476,889	-
Closing Balance [Recoverable/(Payable)]	(9,476,889)	4,920,485

C. Scheme of Arrangement

During the current year, consequent upon sanction of “Scheme of Arrangement” (the Scheme), for demerger of the Sourcing, Distribution and Marketing Business (‘Demerged Undertaking’) of Pearl Global Industries Limited (‘Transferor Company’) into the Company, as approved by the Hon’ble High Court of Delhi vide its Order dated March 10, 2014 u/s 394(2) of the Companies Act, 1956 and subsequent filing of said Order with the Registrar of Companies, NCT of Delhi & Haryana on May 13, 2014 being the ‘Effective Date’, the

financial statements of the Company have been prepared in accordance with the relevant clauses of the Scheme **as under :-**

- i. The demerger has been accounted for under the “pooling of interest” method as prescribed by the Accounting Standard (AS-14) of the Company (Accounting Standards) Rules, 2006. Accordingly, for the year ended March 31, 2014, all assets and liabilities of the ‘Demerged Undertaking’ have been transferred to the Company at the book values with effect from April 01, 2012 being the ‘Appointed Date’ resulting into creation of ‘Share Capital Suspense Account’ by ` 2,599.67 Lacs and ‘Capital Reserve’ by ` 8,078.07 Lacs. Further, there are no differences in the accounting policies of the Company and as followed by the transferor Company; hence no adjustments have been made.
- ii. The scheme interalia provided for issuance of six fully paid up equity shares of ` 10 each to the shareholders of the Transferor Company for every five fully paid up equity shares of `10 each held in the Transferor Company.
- iii. In effect of above, the financial results of the Company for the current year includes the transactions of ‘Demerged Undertaking’ as under:

Particulars	For the Financial year 2013-14 (Refer sub note ‘a’ below)	For the Financial year 2012-13 (Refer sub note ‘b’ below)
Total Revenue	138.62 Lacs	113.23 Lacs
Profit/ (loss) before tax	(174.82) Lacs	(181.03) Lacs
Profit/ (loss) after tax	(120.80) Lacs	(123.69) Lacs

- a. The financial results for the financial year 2013-14 are included in Statement of Profit & Loss of the Company.
- b. The financial results for the financial year 2012-13 are included directly in Reserves & Surplus of the Company.
- c. As a result of above, the figures for the current year are not comparable with those of the previous year ended March 31, 2013.
- iv. **In effect of above, the financial results of the Company for the current year includes the transactions of ‘Demerged**

Particulars	For the year ended on March 31, 2014	For the year ended March 31, 2013
Transfer of Indirect Expenses	5,552,560	-
Transfer of Manufacturing Expenses	6,100,233	-
Transfer of Sample Designing Sale	13,862,072	-
Transfer of Tax Expense (Deferred Tax)	5,401,824	-
Transfer of Fixed Assets	129,289,571	-
Transfer of Accumulated Depreciation	71,400,849	-
Transfer of Capital Advances	16,268,297	-
Transfer of Capital Work in Progress	23,145,409	-
Transfer of Reserves & Surplus	1,055,404,700	-
Transfer of Investments	1,005,025,338	-
Transfer of Deferred Tax Liabilities	2,354,263	-

Transfer of Current Liabilities	1,694,551	-
Transfer of Current Assets	41,909	-
Closing Balance	35,276,455	-

Note 22: LEASES

The company has taken immoveable property located in Bangalore on cancellable lease in August 2012 and has debited ₹ 1,894,706 (March 31, 2013: ₹ 792,038) to the Statement of profit and loss during the year; including rent recognized on straight line basis of ₹ 73,800 (March 31, 2013 : Nil) in pursuance of Para-23 of Accounting Standard- 19" Leases" issued by Companies Accounting Standard Rules 2006

Note 23: Earnings per Share:**(Amount in ₹)**

Particulars	For the year ended on March 31, 2014	For the year ended on March 31, 2013
Profit/(Loss) attributable to the equity shareholders (A)	(9,499,216)	1,125,984
Basic/weighted average no. of equity shares outstanding during the year (B)	50,000	50,000
Potential equity shares pursuant to scheme of Demerger [Refer Note 2(a)] (C)	25,996,724	-
Total share outstanding for the purposes of Dilutive Earning per share D=(B+C)	26,046,724	-
Nominal value of equity shares (E)	10	10
Basic Earning per share	(189.98)	22.52
Dilutive Earning per share	(189.98)	-

- a. Since diluted earnings per share is increasing when taking the potential equity shares into account, therefore shares under suspense account (pending allotment) are anti dilutive and are ignored in the calculation of diluted earnings per share for the year ended March 31, 2014.

Note 24:

In view of the management, the current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet as at March 31, 2014

Note 25: For the year ended March 31, 2014, the company has identified geographical segments as its primary segments and business segments as its secondary segments

A. Geographical Segment			(Amount in Rs)
Particulars	Asia Continent	Africa Continent	Total
Segment revenue	13,862,072	37,294,920	51,156,992
Segment Sales	13,862,072	37,294,920	51,156,992
Total Segment revenue	13,862,072	37,294,920	51,156,992
Total revenue of each segment as a percentage of total revenue of all segment	27.10	72.90	100.00
Total Segment profit	(17,481,632)	3,767,369	(13,714,263)
Depreciation	19,690,911	21,241,303	40,932,214
Total segment result before interest & taxes/Extraordinary items	(17,481,632)	4,600,743	(12,880,8989)
Total EBIT of each segment as a percentage of total EBIT of all segment	(135.72)	35.72	(100)

Net Financing cost	-	833,374	833,374
Income Tax Expenses	5,401,824	(1,816,777)	4,215,047
Profit/(loss) for the year	(12,079,808)	2,580,592	(9,499,216)
Segment Assets	1,082,678,764	20,503,515	1,103,182,280
Segment Asset as a percentage of total asset of all segment	98.14	1.86	100
Segment Liabilities	39,325,270	16,452,281	55,777,551
Segment Liabilities as a percentage of total asset of all segment	70.50	29.50	100
Segment Capital Employed	1,043,353,495	4,051,234	1,047,404,729
Segment Capital Employed as a percentage of Total capital Employed of all segments	99.61	0.39	100
Capital Expenditure	-	9,874,934	-
Depreciation for the Year	19,690,911	21,241,303	40,932,214

Note: There are no inter segment Sales and other Incomes in Geographical Segment Reported Above

B. Business Segment		(Amount in Rs)	
Particulars	Sampling and Distribution	Service	Total
Segment Revenue	13,862,072	37,294,920	51,156,992
External Sales	13,862,072	37,294,920	51,156,992
Total Segment sales	13,862,072	37,294,920	51,156,992
Total segment revenue	13,862,072	37,294,920	51,156,992
Total revenue of each segment as a percentage of total revenue of all segment	27.10	72.90	100
Segment result of EBIDTA	(12,079,808)	3,413,966	(8,665,842)
Total EBIDTA of each segment as total EBDITA	139.40	(39.40)	100
Depreciation for the year	19,690,911	21,241,303	-
Total segment result before interest & taxes/Extraordinary items	(17,481,632)	4,600,743	(12,880,889)
Total EBIT of each segment as a percentage of total EBIT of all segment	(135.72)	35.72	(100)
Net Financing cost	-	833,374	833,374
Income Tax Expenses	5,401,824	(1,186,777)	4,215,047
Profit/(loss) for the year	(12,079,808)	2,580,592	(9,499,216)
Segment Assets	1,082,678,764	20,503,515	1,103,182,280
Segment Asset as a percentage of total asset of all segment	98.14	1.86	100
Segment Liabilities	39,325,270	16,452,281	55,777,551
Segment Liabilities as a percentage of total asset of all segment	70.50	29.50	100
Segment Capital Employed	1,043,353,495	4,051,234	1,047,404,729
Segment Capital Employed as a percentage of Total capital Employed of all segments	99.61	0.39	100
Capital Expenditure	-	9,874,934	-
Depreciation for the Year	19,690,911	21,241,303	40,932,214

Note 26: The balances of trade payables & trade receivables are subject to confirmation as on March 31st 2014.

Note 27: The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in process of updating the documentation for the International transactions entered into with the associated enterprises during the period as required under law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note 28: The figures are rounded off to the nearest rupee

Note 29: Previous year figures have been regrouped & reclassified where ever necessary.

For & on behalf of Board of Directors

**(DEEPAK SETH)
DIRECTOR
DIN.No.00003021**

**(PAYEL SETH)
DIRECTOR
DIN.No.00003035**

**Place: New Delhi
Dated: 26 May 2014**

Financial and Other Information of Group Companies, Subsidiary Companies and step-down subsidiary companies of PDS.

The following Seven Companies are part of our Promoter Group:

1. Pearl Global Industries Limited
2. Norp Knit Industries Limited
3. Pearl Global (HK) Limited
4. Pearl Global Fareast Limited
5. Lerros Fashions India Limited
6. DSSP Global Limited
7. PT Pinnacle Apparels (Formerly known PT Norwest Industry)

1. Pearl Global Industries Limited

Pearl Global Industries Limited was incorporated on 5th July, 1989. Its registered office is situated at A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028. PGIL was incorporated with the main objective of Manufacturing of Readymade garments. PGIL is the Holding company of the Group and PDS is 100% subsidiary of PGIL.

Corporate Identity Number: L74899DL1989PLC036849

Capital Structure of Pearl Global Industries Limited as on March 31, 2014

S. No.	Share Capital	Figures in ₹
a.	Authorized	
	51,440,000 Equity Shares of ₹ 10/- each	514,400,000
	10,000 4% Non Cumulative Redeemable Preference Shares of ₹ 10/- each	100,000
	3,256,000 10.5% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	325,600,000
		840,100,000
b.	Issued, Subscribed & Paid-up	
	21,663,937 Equity Shares of ₹ 10/- each fully paid up	216,639,370

Shareholding Pattern of Pearl Global Industries Limited

The current shareholding of Pearl Global Industries Limited is as follows:

S. No.	Name of the Shareholders	No. of Shares	Percentage (%)
Promoter & Promoter Group (A):			
1	Mr. Deepak Seth (NRI)	15,44,499	7.13
2	Mr. Pallak Seth (NRI)	13,17,646	6.08
3	Mrs. Payel Seth	98,49,872	45.47
4	Mr. Pulkit Seth	15,11,384	6.98
5	Mrs. Shefali Seth	30	0
6	Mr. Sunil Pal Seth	2,01,448	0.93

7	Nim International Commerce Pvt. Ltd.	30	0
	Total (A)	1,44,24,909	66.58
Public Shareholding (B):			
1	Institutions	21,97,794	10.14
2	Non-Institutions	50,41,234	23.27
	Total (B)	72,39,028	33.42
	Grand Total [(A) + (B)] (Equity share of Rs. 10/- each)	2,16,63,937	100

Board of Directors of Pearl Global Industries Limited

- i. Mr. Deepak Seth
- ii. Mr. Pulkit Seth
- iii. Mr. Chittranjan Dua
- iv. Mr. Samar Ballav Mohapatra
- v. Mr. Rajendra Kumar Aneja
- vi. Ms. Shefali Seth
- vii. Mr. Anil Nayar
- viii. Mr. Vinod Vaish

Financial Performance of Pearl Global Industries Limited (Last 3 Years)

A. Standalone Financials

(Rs. in Lacs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	68549.50	57198.73	65603.47
Profit After Taxation	1472.08	389.46	366.36
Equity Capital	2166.39	2166.39	2166.39
Reserves & Surplus	25990.52	34321.62	33102.14
Net Worth	28156.91	35800.86	35662.93
Non Current Assets	25232.80	32529.48	34237.74
Net Current Assets/(Current Liabilities)	6841.55	6773.56	3298.35
Non Current Liabilities	3917.44	2815.03	2267.56

B. Consolidated Financials

(Rs. in Lacs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	476423.86	384589.03	281393.71
Profit After Taxation	3864.32	2378.83	3149.00
Equity Capital	2166.39	2166.39	2166.39
Reserves	66934.31	59232.31	52641.54
Net Worth	69100.7	61398.70	54807.93
Non Current Assets/(Current Liabilities)	45886.03	38206.24	39405.83
Net Current Assets	37419.56	34786.38	25234.95
Non Current Liabilities	9193.41	7713.80	6960.62

2. Norp Knit Industries Limited

Norp Knit Industries Limited was incorporated on 5th May, 2004. Its registered office is situated at 133/1, New Baily Road, Dhaka – 1212. Norp Knit Industries Limited was incorporated with the main objective of Production and Export of Ready Made Garments.

Corporate Identity Number: C-52664(2959)/2004

Capital Structure of Norp Knit Industries Limited as on March 31, 2014

S. No.	Share Capital	Figures in Taka
a.	Authorized	
	2,500,000 ordinary shares of Taka 100 each	250,000,000
b.	Issued	
	2,415,607 ordinary shares of Taka 100 each	241,560,700

Shareholding Pattern of Norp Knit Industries Limited

The current shareholding of Norp Knit Industries Limited is as follows:

S. No.	Particulars	% of Shareholding
a.	Pearl Global Industries Limited (Formerly known House of Pearl Fashions Ltd.)	99.99%
b.	Mr. Pallak Seth	0.00049%
c.	Mr. Pulkit Seth	0.00049%

Board of Directors of Norp Knit Industries Limited

- i. Mr. Pallak Seth
- ii. Mr. Pulkit Seth
- iii. Pearl Global Industries Ltd. represented by Mr. Sanjay Sarkar

Financial Performance of Norp Knit Industries Limited (Last 3 Years)

(Taka in Lakhs)			
Particulars	31.03.14	31.03.13	31.03.12
Total Income	42228.90	32219.62	22325.22
Profit After Taxation	254.29	508.30	(551.59)
Equity Capital	2415.61	2415.61	2415.61
Reserves	1766.75	1512.46	1004.10
Net Worth	4182.36	4893.69	3419.71
Non Current Assets	4231.82	4640.69	4312.91
Net Current Assets/(Current Liabilities)	1520.61	1785.56	1138.86
Non Current Liabilities	604.45	1532.55	1526.37

3. Pearl Global (HK) Limited

Pearl Global (HK) Limited was incorporated on 22nd December, 2009. Its registered office is situated at 7/F Park Fook Industrial Bldg, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong. Pearl Global (HK) Limited was incorporated with the main objective of Export Garment / Trading.

Corporate Identity Number: 1404292

Capital Structure of Pearl Global (HK) Limited as on March 31, 2014

S. No.	Share Capital	Figures in US\$
a.	Authorized	
	10,000 ordinary shares of US\$ 1 each	10,000
b.	Issued	
	10,000 ordinary shares of US\$ 1 each	10,000

Shareholding Pattern of Pearl Global (HK) Limited

Pearl Global (HK) Limited is a 100% wholly owned subsidiary of Pearl Global Industries Limited.

Board of Directors of Pearl Global (HK) Limited

- i. Mr. Deepak Kumar Seth
- ii. Mr. Pulkit Seth

Financial Performance of Pearl Global (HK) Limited (Last 3 Years)

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	403.91	251.72	222.30
Profit After Taxation	3.42	(18.25)	21.69
Equity Capital	0.10	0.10	0.10
Accumulated loss	(19.87)	(19.02)	(2.13)
Net Worth	(19.77)	(18.92)	(2.03)
Non Current Assets	15.83	15.45	51.01
Net Current Assets/(Current Liabilities)	(35.60)	(34.37)	(53.04)
Non Current Liabilities	-	-	-

4. Pearl Global Fareast Limited

Pearl Global Fareast Limited was incorporated on 16th March, 2009. Its registered office is situated at Room B, 10/F Park Fook Industrial Bldg, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong. Pearl Global Fareast Limited was incorporated with the main objective of Export Garment / Trading.

Corporate Identity Number: 1317287

Capital Structure of Pearl Global Fareast Limited as on March 31, 2014

S. No.	Share Capital	Figures in US\$
a.	Authorized	
	550,000 ordinary shares of US\$ 1 each	550,000
b.	Issued	
	535,000 ordinary shares of US\$1 each	535,000

Shareholding Pattern of Pearl Global Fareast Limited

Pearl Global Fareast Limited is a 100% wholly owned subsidiary of Pearl Global Industries Limited.

Board of Directors of Pearl Global Fareast Limited

- i. Mr. Deepak Seth
- ii. Mr. Pulkit Seth

Financial Performance of Pearl Global Fareast Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	903.24	992.98	520.53
Profit After Taxation	19.71	4.30	14.85
Equity Capital	41.62	41.62	41.62
Accumulated Losses/ Retained Earnings	19.55	(0.17)	(4.47)
Net Worth	61.17	41.45	37.15
Non Current Assets/(Current Liabilities)	-	0.09	0.40
Net Current Assets	61.17	41.37	36.75

5. Lerros Fashions India Limited

Lerros Fashions India Limited was incorporated on 30th March, 2007. Its registered office is situated at A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028. Lerros Fashions India Limited was incorporated with the main objective of Retailing of Readymade garments

Corporate Identity Number: U74900DL2007PLC161396

Capital Structure of Lerros Fashions India Limited as on March 31, 2014

S. No.	Share Capital	Figures in ₹
a.	Authorized	
	30,500,000 ordinary shares of ₹ 10/- each	305,000,000
	6,000,000 10.5% Non Cumulative Redeemable Preference Shares of ₹ 10/- each	60,000,000
		365,000,000
b.	Issued	
	27,639,145 Equity Shares of ₹ 10/- each fully paid up	276,391,450
	5,000,000 10.5% Non Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up	50,000,000
		326,391,450

Shareholding Pattern of Lerros Fashions India Limited

The current shareholding of Lerros Fashions India Limited is as follows:

S. No.	Particulars	% of Shareholding
a.	Equity Shares	
	Pearl Global Industries Limited	59.64
	Lerros Modem GmbH, Germany	40.00
	Mrs. Payel Seth	.18
	Mr. Pulkit Seth	.18
b.	Preference Shares	

Board of Directors of Lerros Fashions India Limited

- i. Mrs. Payel Seth
- ii. Mr. Pulkit Seth
- iii. Mr. Vinod Vaish

Financial Performance of Lerros Fashions India Limited (Last 3 Years)

(Rs. in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	133.27	552.04	24.27
Profit After Taxation	3.95	(113.24)	(297.57)
Equity Capital	3063.91	2763.91	2763.91
Reserves	(2352.50)	(2356.47)	(2243.23)
Net Worth	711.41	407.44	520.69
Non Current Assets	628.86	699.51	1005.46
Net Current Assets/(Current Liabilities)	82.53	207.94	118.84
Non Current Liabilities	-	--	3.61

6. DSSP Global Limited

DSSP Global Limited was incorporated on 8th November, 2012. Its registered office is situated at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street Cheung Sha Wan, Kowloon, Hong Kong Dssp Global Limited was incorporated with the main objective of Retailing of Readymade garments.

Corporate Identity Number: 1822575

Capital Structure of DSSP Global Limited as on March 31, 2014

S. No.	Share Capital	Figures in HK\$
a.	Authorized	
	10,000 ordinary shares of HK \$1 each	10,000
b.	Issued	
	10,000 Equity shares of HK \$1 each fully paid up	10,000

Shareholding Pattern of DSSP Global Limited

DSSP Global Limited is a 100% wholly owned subsidiary of Pearl Global (HK) Limited.

Board of Directors of DSSP Global Limited

- i. Mr. Deepak Seth
- ii. Mr. Pulkit Seth
- iii. Mrs. Shefali Seth

Financial Performance of DSSP Global Limited

(\$ in Lakhs)

Particulars	31.03.14	31.03.13
Total Income/Loss	(.09)	(0.3)
Profit/Loss After Taxation	(.09)	(0.3)
Equity Capital	15.05	.01285
Accumulated Losses/ Retained Earnings	(0.12)	(0.030)
Net Worth	14.93	

Non Current Assets/(Current Liabilities)	14.99	-
Net Current Assets	14.92	(.017)

7. PT Pinnacle Apparels (Formerly known as Pt Norwest Industry)

PT Pinnacle Apparels was incorporated on 5th August, 2002. Its registered office is situated at Graha Kirana, 1st Floor, Suit No.103, Jl, Yos Sudarso No.88 Jakarta-14350, Indonesia. Pt Pinnacle Apparels was incorporated with the main objective of Retailing of Readymade garments

Corporate Identity Number: 09.01.1.18.24753

Capital Structure of PT Pinnacle Apparels as on March 31, 2014

S. No.	Share Capital	Figures in \$
a.	Authorized	
	2,00,000, Ordinary shares of US\$ 10 each	2000,000
b.	Issued	
	150,198 Equity Shares of US\$ each fully paid up	1,501,980

Shareholding Pattern of PT Pinnacle Apparels

The current shareholding of PT Pinnacle apparels is as follows:

S. No.	Particulars	% of Shareholding
a.	DSSP Global Limited	99.87
b.	Pulkit Seth	0.13

Board of Directors of PT Pinnacle Apparels

- Mr. Pulkit Seth
- Mr. Amit Kumar

Financial Performance of PT Pinnacle Apparels (Last 3 Years)

(\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	197.67	184.00	218.32
Profit After Taxation	4.07	4.78	3.30
Equity Capital	15.02	15.02	15.02
Reserves	27.44	23.36	24.59
Net Worth	42.46	38.37	39.61
Non Current Assets	9.44	10.03	11.06
Net Current Assets/(Current Liabilities)	34.71	29.91	30.27
Non Current Liabilities	1.67	1.54	1.70

Hon'ble High Court of Delhi, now PDS has the following subsidiaries with effect from the dated 13th, May, 2014 being the effective date.

1. Multinational Textile Group Limited
2. Propur Investments Ltd
3. Mahidhulu Investment Ltd
4. Casa Forma Limited
5. Global Textiles Group Limited
6. Poeticgem Limited
7. Pacific Logistics Limited
8. Simple Approach (Canada) Limited
9. Poetic Knitwear Limited
10. Razamtazz Limited
11. FX Import Company Limited
12. FX Import Hong Kong Limited
13. SACB Holdings Limited
14. Simple Approach Limited
15. Nor Delhi Manufacturing Limited
16. Zamira Fashion Limited
17. PG Group Limited
18. PG Home Group Limited
19. PG Home Group SPA, Chile
20. Norwest Industries Limited
21. GEM Australia Manufacturing Company Limited
22. Nor Lanka Manufacturing Limited
23. Nor Lanka Manufacturing Colombo Limited
24. Nor Europe Manufacturing Company Limited
25. Sino West Manufacturing Company Limited
26. Nor India Manufacturing Company Limited
27. Spring Near East Manufacturing Company Limited
28. Designed and Sourced Limited
29. PDS Asia Star Corporation Limited
30. DPOD Manufacturing Limited
31. Poeticgem International Limited
32. Kleider Sourcing Hong Kong Limited
33. Nor France Manufacturing Company Limited

1. Multinational Textile Group Limited

Multinational Textile Group Limited was incorporated on 28th March, 2006. Its registered office is situated at St Louis Business Centre, Cnr Desroches & St Louis Streets, Port-Louis, Mauritius. Multinational Textile Group Limited basically is an Investment Holding Company.

Corporate Identity Number: 61811 C1/GBL

Capital Structure of Multinational Textile Group Limited as on March 31, 2014

S. No.	Share Capital	Figures in US\$
	21948270 ordinary shares of US\$ 1 each	21,948,270

Shareholding Pattern of Multinational Textile Group Limited

Multinational Textile Group Limited has become a wholly owned subsidiary of PDS consequent upon De-Merger pursuant to the Scheme of Arrangement.

Board of Directors of Multinational Textile Group Limited

- i. Mr. Deepak Seth
- ii. Mrs. Payel Seth
- iii. Mr. Pallak Seth
- iv. Mr. Jayechund Jingree
- v. Mr. Sushil Kumar Jogoo

Financial Performance of Multinational Textile Group Limited (Last 3 Years)

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	61.56	68.47	48.39
Profit After Taxation	9.49	(0.55)	1.67
Equity Capital	219.48	219.48	219.48
Reserves	(0.43)	(9.93)	(9.37)
Net Worth	219.05	209.55	210.11
Non Current Assets	189.74	191.91	219.16
Net Current Assets/(Current Liabilities)	29.30	17.65	(9.05)
Non Current Liabilities	-	-	-

2. Propur Investments Limited

Propur Investments Limited was incorporated on 1st March, 2012. Its registered office is situated at Belmont Trust Limited, P.O Box 3443, Belmont Chambers, Tropic Isle Building, Road Town, Tortola, VG 1110 British Virgin Island. Propur Investments Limited was incorporated with the main objective to undertake real estate property investment, disposal, development (such as interior designing of the properties) and leasing in UK.

Corporate Identity Number: 1699155

Capital Structure of Propur Investments Limited as on March 31, 2014

S. No.	Share Capital	Figures in US\$
	1 ordinary shares of US\$ 1 each	1

Shareholding Pattern of Propur Investments Limited

Propur Investments Limited is a 100% wholly owned subsidiary of Multinational Textile Group Limited, Mauritius.

Board of Directors of Propur Investments Limited

- i. Mr. Deepak Seth
- ii. Mr. Jayechund Jingree

iii. Mr. Pallak Seth

Financial Performance of Propur Investments Limited

(US\$ in Lakhs)

Particulars	31.03.13
Total Income	-
Profit After Taxation	(0.04)
Equity Capital	0.00001
Reserves	(0.04)
Net Worth	(0.04)
Non Current Assets	-
Net Current Assets/(Current Liabilities)	(0.04)
Non Current Liabilities	-

3. Mahidhulu Investment Ltd

Mahidhulu Investment Ltd was incorporated on 9th March, 2012. Its registered office is situated at St Louis Business Centre, CnrDesroches & St Louis Streets, Port-Louis, Mauritius. Mahidhulu Investment Ltd was incorporated with the main objective to undertake real estate property investment, disposal, development (such as interior designing of the properties) and leasing in UK.

Corporate Identity Number: 108431C2/GBL

Capital Structure of Mahidhulu Investment Ltd as on March 31, 2014

S. No.	Share Capital	Figures in US\$
	1 ordinary shares of US\$ 1 each	1

Shareholding Pattern of Mahidhulu Investment Ltd

Mahidhulu Investment Ltd is a 100% wholly owned subsidiary of Multinational Textiles Group Limited, Mauritius.

Board of Directors of Mahidhulu Investment Ltd

i. City Executives Limited

Financial Performance of Mahidhulu Investment Ltd

(US\$ in Lakhs)

Particulars	31.03.13
Total Income	-
Profit After Taxation	(0.04)
Equity Capital	0.00001
Reserves	(0.04)
Net Worth	(0.039999)
Non Current Assets	-
Net Current Assets/(Current Liabilities)	(0.04)
Non Current Liabilities	-

4. Casa Forma Limited

Casa Forma Limited was incorporated on 22nd January, 2007. Its registered office is situated at 14 Stanhope Mews West, London SW7 5RB, UK. Casa Forma was incorporated with the main objective to undertake the business of Interior Design and Architectural Services.

Corporate Identity Number: 6060342

Capital Structure of Casa Forma Limited as on March 31, 2014

S. No.	Share Capital	Figures in £
a.	Authorized & Issued	
	250,000 ordinary shares of £1 each	250,000

Shareholding Pattern of Casa Forma Limited

Casa Forma Limited is a 100% wholly owned subsidiary of Multinational Textile Group Limited, Mauritius.

Board of Directors of Casa Forma Limited

- i. Mr. Pallak Seth
- ii. Mr. Anuj Banaik

Financial Performance of Casa Forma Limited (Last 3 Years)

(£ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	10.05	24.88	9.54
Profit After Taxation	(1.42)	1.06	(2.86)
Equity Capital	2.50	2.50	2.50
Reserves	(5.79)	(4.73)	(5.43)
Net Worth	(3.29)	(2.23)	(2.93)
Non Current Assets	.27	0.37	0.39
Net Current Assets/(Current Liabilities)	(3.57)	(2.24)	(3.32)
Non Current Liabilities	-	-	-

5. Global Textiles Group Limited

Global Textiles Group Limited was incorporated on 29th March, 2006. Its registered office is situated at St Louis Business Centre, CnrDesroches & St Louis Streets, Port-Louis, Mauritius. Global Textiles Group Limited is an Investment Holding Company.

Corporate Identity Number: 61836 C1/GBL

Capital Structure of Global Textiles Group Limited as on March 31, 2014

S. No.	Share Capital	Figures in US\$
	3,987,266 ordinary shares of US\$1 each	3,987,266

Shareholding Pattern of Global Textiles Group Limited

Global Textiles Group Limited is a 100% wholly owned subsidiary of Multinational Textile Group Limited, Mauritius.

Board of Directors of Global Textiles Group Limited

- i. Mr. Deepak Seth
- ii. Mrs. Payel Seth
- iii. Mr. Pallak Seth
- iv. Mr. Jayechund Jingree
- v. Mr. Sushil Kumar Jogoo

Financial Performance of Global Textiles Group Limited (Last 3 Years)

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	51.16	43.79	31.39
Profit After Taxation	(0.22)	0.64	0.11
Equity Capital	39.87	39.87	57.72
Reserves	2.95	3.18	3.36
Net Worth	42.82	43.05	61.08
Non Current Assets	39.04	39.04	60.20
Net Current Assets/(Current Liabilities)	3.78	4.01	0.88
Non Current Liabilities	-	-	-

6. Poeticgem Limited

Poeticgem Limited was incorporated on 7th May, 1991. Its registered office is situated at Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. Poeticgem Limited was incorporated with the main objective to undertake the business of import and distribution of Garments.

Corporate Identity Number: 02608346

Capital Structure of Poeticgem Limited as on March 31, 2014

S. No.	Share Capital	Figures in £
a.	Authorized	
	50,000 ordinary shares of £1 each	50,000
b.	Issued	
	50,000 ordinary shares of £1 each	50,000

Shareholding Pattern of Poeticgem Limited

Poeticgem Limited is a 100% wholly owned subsidiary of Global Textiles Group Limited.

Board of Directors of Poeticgem Limited

- i. Mrs. Payel Seth
- ii. Mr. Anuj Banaik
- iii. Mrs. Faiza Habeeb Seth

Financial Performance of Poeticgem Limited (Last 3 Years)

(£ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	216.61	295.70	238.68
Profit After Taxation	8.72	8.02	4.94

Equity Capital	0.50	0.50	0.50
Reserves	85.03	76.00	67.98
Net Worth	85.53	76.50	68.48
Non Current Assets	118.63	120.26	119.14
Net Current Assets/(Current Liabilities)	21.66	8.06	10.14
Non Current Liabilities	(54.75)	(54.65)	(58.38)

7. Pacific Logistics Limited

Pacific Logistics Limited was incorporated on 27th October, 2003. Its registered office is situated at Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. Pacific Logistics Limited was incorporated with the main objective to undertake the business of logistics services to the clothing industry.

Corporate Identity Number: 04944346

Capital Structure of Pacific Logistics Limited as on March 31, 2014

S. No.	Share Capital	Figures in £
a.	Authorized	
	10,000 ordinary shares of £1 each	10,000
b.	Issued	
	10,000 ordinary shares of £1 each	10,000

Shareholding Pattern of Pacific Logistics Limited

Pacific Logistics Limited is a 100% wholly owned subsidiary of Poeticgem Limited.

Board of Directors of Pacific Logistics Limited

- i. Mrs. Payel Seth
- ii. Mr. Anuj Banaik
- iii. Mrs. Faiza Habeeb Seth

Financial Performance of Pacific Logistics Limited (Last 3 Years)

(£ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	3.63	13.22	12.99
Profit After Taxation	(3.17)	(0.63)	0.16
Equity Capital	0.10	0.10	0.10
Reserves	(2.70)	0.47	1.11
Net Worth	(2.60)	0.57	1.21
Non Current Assets	3.41	4.03	4.28
Net Current Assets/(Current Liabilities)	6.00	7.98	9.51
Non Current Liabilities	.016	(0.10)	(0.26)

8. Simple Approach (Canada) Limited (Formerly Poeticgem (Canada) Limited)

Simple Approach (Canada) Limited was incorporated on 20th December, 2004. Its registered office is situated at 2550 Argentia road, Suite 210, Mississauga, Ontario-L5N5R1, Canada. Poeticgem (Canada) was incorporated with the main objective to undertake the business of import and

wholesale of readymade garments.

Corporate Identity Number: 858629777RT0001

Capital Structure of Simple Approach (Canada) Limited as on March 31, 2014

S. No.	Share Capital	Figures in Canadian Dollar
a.	Authorized & Issued	
	100 Class - A shares of Canadian Dollar 1 each	100

Shareholding Pattern of Simple Approach (Canada) Limited

Simple Approach (Canada) Limited is a 100% wholly owned subsidiary of Simple Approach Limited.

Board of Directors of Simple Approach (Canada) Limited

- i. Mr. Deepak Seth
- ii. Mr. Rohit Girotra

Financial Performance of Simple Approach (Canada) Limited (Last 3 Years)

(Canadian Dollar in Lakhs)			
Particulars	31.03.14	31.03.13	31.03.12
Total Income	51.81	61.99	53.44
Profit After Taxation	.34	1.18	1.02
Equity Capital	2.48	2.15	0.97
Reserves	-	-	-
Net Worth	2.48	2.15	0.97
Non Current Assets	0.091	0.12	0.14
Net Current Assets/(Current Liabilities)	2.39	4.44	43.27
Non Current Liabilities	-	-	47.42

9. Poetic Knitwear Limited

Poetic Knitwear Limited was incorporated on 31st March, 2009. Its registered office is situated at Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. Poetic Knitwear Limited was incorporated with the main objective to undertake the business of import and distribution of knitwear clothing.

Corporate Identity Number: 06863593

Capital Structure of Poetic Knitwear Limited as on March 31, 2014

S. No.	Share Capital	Figures in £
a.	Authorized	
	100 ordinary shares of £1 each	100
b.	Issued	
	100 ordinary shares of £1 each	100

Shareholding Pattern of Poetic Knitwear Limited

Poetic Knitwear Limited is a 100% wholly owned subsidiary of Poeticgem Limited

Board of Directors of Poetic Knitwear Limited

- i. Mr. Deepak Kumar Seth
- ii. Mr. Pallak Seth
- iii. Mr. Garry Mitchell Isaacs

Financial Performance of Poetic Knitwear Limited (Last 3 Years)

(£ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	-	0.02	-
Profit After Taxation	(0.02)	0.001	1.82
Equity Capital	0.001	0.001	0.001
Reserves	(6.93)	(6.91)	(6.91)
Net Worth	(6.93)	(6.91)	(6.91)
Non Current Assets	-	-	-
Net Current Assets/(Current Liabilities)	(6.93)	(6.91)	(6.91)
Non Current Liabilities	-	-	-

10. Razamtazz Limited

Razamtazz Limited was incorporated on 30th May, 2007. Its registered office is situated at St. Louis Business Centre, CnrDesroches & St Louis Streets, Port-Louis, Mauritius. Razamtazz Limited was incorporated with the main objective to Investment in properties.

Corporate Identity Number: 071523 C2/GBL

Capital Structure of Razamtazz Limited as on March 31, 2014

S. No.	Share Capital	Figures in £
	1 ordinary shares of £1 each	1

Shareholding Pattern of Razamtazz Limited

Razamtazz Limited is a 100% wholly owned subsidiary of Poeticgem Limited

Board of Directors of Razamtazz Limited

- i. Mr. Deepak Seth
- ii. Mrs. Payel Seth
- iii. Mr. Pallak Seth
- iv. Mr. Jayechund Jingree
- v. Mr. Sushil Kumar Jogoo

Financial Performance of Razamtazz Limited (Last 3 Years)

(£ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	1.40	2.43	2.29

Profit After Taxation	(2.54)	(2.11)	(2.29)
Equity Capital	0.00001	0.00001	0.00001
Reserves	54.42	56.98	59.08
Net Worth	54.42	56.98	59.08
Non Current Assets	62.45	56.32	59.16
Net Current Assets/(Current Liabilities)	(8.02)	0.65	(0.08)
Non Current Liabilities	-	-	-

11. FX Import Company Limited

FX Import Company Limited was incorporated on 11th March, 1996. Its registered office is situated at Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. FX Import Company Limited was incorporated with the main objective to undertake the Business of importing and distribution of garments

Corporate Identity Number: 03170332

Capital Structure of FX Import Company Limited as on March 31, 2014

S. No.	Share Capital	Figures in £
a.	Authorized	50,000
	50,000 ordinary 'A' shares of £1 each	
	Issued	
	25,200 ordinary 'A' shares of £1 each	50,000

Shareholding Pattern of FX Import Company Limited

The current shareholding of FX Import Company Limited is as follows:

S. No.	Particulars	% of Shareholding
a.	Poeticgem Limited	75%
b.	Christopher Robert Severs	25%

Board of Directors of FX Import Company Limited

- Mr. Deepak Kumar Seth
- Mr. Pallak Seth
- Mr. Christopher Robert Severs
- Mrs. Payel Seth

Financial Performance of FX Import Company Limited (Last 3 Years)

(£ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	50.19	60.65	41.76
Profit After Taxation	2.25	(2.85)	2.47
Equity Capital	0.25	0.25	0.25
Reserves	(7.22)	(9.48)	(6.63)
Net Worth	(6.97)	(9.23)	(6.38)
Non Current Assets	0.15	0.20	0.26

Net Current Assets/(Current Liabilities)	(1.36)	(3.68)	(0.86)
Non Current Liabilities	(5.75)	(5.76)	(5.78)

12. FX Import Hong Kong Limited

FX Import Hong Kong Limited was incorporated on 4th May, 2009. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. FX Import Hong Kong was incorporated with the main objective to undertake the Business of Production, distribution and design of readymade garments.

Corporate Identity Number: 1335610

Capital Structure of FX Import Hong Kong Limited as on March 31, 2014

S. No.	Share Capital	Figures in HK\$
a.	Authorized	
	10,000 ordinary shares of HK\$ 1 each	10,000
b.	Issued	
	10,000 ordinary shares of HK\$ 1 each	10,000

Shareholding Pattern of FX Import Hong Kong Limited

FX Import Hong Kong Limited is a 100% wholly owned subsidiary of FX Import Company Limited.

Board of Directors of FX Import Hong Kong Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Christopher Robert Severs
- iv. Mrs. Payel Seth

Financial Performance of FX Import Hong Kong Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	1192.61	1253.49	753.18
Profit After Taxation	10.52	10.03	3.08
Equity Capital	0.10	0.10	0.10
Reserves	29.06	18.54	8.51
Net Worth	29.16	18.64	8.61
Non Current Assets	0.11	-	-
Net Current Assets/(Current Liabilities)	29.05	18.64	8.61
Non Current Liabilities	-	-	-

13. SACB Holdings Limited

SACB Holdings Limited was incorporated on 29th March, 2006. Its registered office is situated at St Louis Business Centre, CnrDesroches & St Louis Streets, Port-Louis, Mauritius. SACB Holdings Limited is an Investment Holding company.

Corporate Identity Number: 61838 C1/GBL

Capital Structure of SACB Holdings Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
	50,000 ordinary shares of US\$ 1 each	50,000

Shareholding Pattern of SACB Holdings Limited

The current shareholding of SACB Holdings Limited is as follows:

S. No.	Particulars	% of Shareholding
a.	Multinational Textile Group Limited	51.00%
b.	Kross Border Corporate Services Limited as Trustee of SSB Trust	24.50%
c.	Mr. Pallak Seth	24.50%

Board of Directors of SACB Holdings Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth
- iv. Mr. Jayechund Jingree
- v. Mr. Sushil Kumar Jogoo

Financial Performance of SACB Holdings Limited (Last 3 Years)

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	-	-	-
Profit After Taxation	(0.13)	(0.09)	(0.13)
Equity Capital	0.50	0.50	0.50
Reserves	(.35)	(0.23)	(0.14)
Net Worth	0.15	0.27	0.36
Non Current Assets	11.97	10.94	8.00
Net Current Assets/(Current Liabilities)	3.39	5.01	(0.55)
Non Current Liabilities	15.17	15.68	8.19

14. Simple Approach Limited

Simple Approach Limited was incorporated on 2nd June, 2005. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Simple Approach Limited is a Trading Company.

Corporate Identity Number: 974905

Capital Structure of Simple Approach Limited as on March 31, 2014

S. No.	Share Capital	Figures in US \$
a.	Authorized	
	500,000 ordinary shares of US\$ 1 each	500,000
	3,190,000 9% Redeemable Preference Shares of US\$ 1 each	3,190,000
		3,690,000
b.	Issued	
	250,000 ordinary shares of US\$ 1 each	250,000
	3,190,000, 9% Redeemable Preference Shares of US\$ 1 each	3,190,000
		3,440,000

Shareholding Pattern of Simple Approach Limited

The current shareholding of Simple Approach Limited is as follows:

S. No.	Particulars	% of Shareholding
	Ordinary Shares	
a.	Multinational Textile Group Limited	75.00%
b.	Sandeep Malhotra	25.00%
	Redeemable Preference Shares	
a.	Multinational Textile Group Limited has 3,190,000, 9% Redeemable Preference Shares of US\$ 1 each	100.00%

Board of Directors of Simple Approach Limited

- i. Mr. Sandeep Malhotra
- ii. Mr. Deepak Burman
- iii. Mr. Rohit Girotra

Financial Performance of Simple Approach Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	3650.16	4781.64	3325.55
Profit After Taxation	9.96	117.01	89.82
Equity Capital	267.63	267.63	267.63
Reserves	63.39	52.98	(64.03)
Net Worth	331.02	320.61	203.60
Non Current Assets	14.34	4.04	1.90
Net Current Assets/(Current Liabilities)	316.66	316.57	201.70
Non Current Liabilities	-	-	-

15. Nor Delhi Manufacturing Limited

Nor Delhi Manufacturing Limited was incorporated on 19th January, 2009. Its registered office is situated at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Nor Delhi Manufacturing Company Limited was incorporated with the main objective to undertake the Business of Trading & Designing ready to wear garments.

Corporate Identity Number: 1301954

Capital Structure of Nor Delhi Manufacturing Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in HK\$
a.	Authorized	
	2,000,000 ordinary shares of HK\$ 1 each	2,000,000
b.	Issued	
	2,000,000 ordinary shares of HK\$ 1 each	2,000,000

Shareholding Pattern of Nor Delhi Manufacturing Limited

Nor Delhi Manufacturing Company Limited is a 100% wholly owned subsidiary of Multinational Textiles Group Limited.

Board of Directors of Nor Delhi Manufacturing Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth

Financial Performance of Nor Delhi Manufacturing Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	561.78	474.97	196.88
Profit After Taxation	20.15	(5.57)	2.89
Equity Capital	20.00	20.00	20.00
Reserves	16.87	(3.28)	2.28
Net Worth	36.87	16.72	22.28
Non Current Assets	-	-	-
Net Current Assets/(Current Liabilities)	36.87	16.72	22.29
Non Current Liabilities	-	-	-

16. Zamira Fashion Limited

Zamira Fashion Limited was incorporated on 20th September, 2007. Its registered office is situated at 10/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Zamira Fashion Limited is a Trading Company.

Corporate Identity Number: 1169002

Capital Structure of Zamira Fashion Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorized	
	250,000 ordinary shares of US\$ 1 each	250,000
b.	Issued	
	250,000 ordinary shares of US\$ 1 each	250,000

Shareholding Pattern of Zamira Fashion Limited

The current shareholding of Zamira Fashion Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Multinational Textile Group Limited	67.00%
b.	Thomas Mueller	33.00%

Board of Directors of Zamira Fashion Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Thomas Mueller

Financial Performance of Zamira Fashion Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
-------------	----------	----------	----------

Total Income	2706.38	1466.21	1117.20
Profit After Taxation	25.58	(19.84)	21.44
Equity Capital	19.45	19.45	19.45
Reserves	(135.16)	(160.75)	(140.90)
Net Worth	(115.71)	(141.30)	(121.45)
Non Current Assets	2.83	1.74	1.55
Net Current Assets/(Current Liabilities)	(118.55)	(143.04)	(122.23)
Non Current Liabilities	-	-	0.61

17. PG Group Limited

PG Group Limited was incorporated on 13th May, 2008. Its registered office is situated at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon. PG Group Limited was incorporated with the main objective to undertake the Business of trading of Home and garments products and investment holding.

Corporate Identity Number: 1236450

Capital Structure of PG Group Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 1,000,000 ordinary shares of US\$ 1 each	1,000,000
b.	Issued Share Capital 1,000,000 ordinary shares of US\$ 1 each	1,000,000

Shareholding Pattern of PG Group Limited

The current shareholding of PG Group Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Multinational Textile Group Limited	51.00%
b.	GES Corp. HK Limited	49.00%

Board of Directors of PG Group Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth
- iv. Mr. Sebastian Felipe Berstein Jauregui
- v. Mr. Yariv Guiloff Titelman

Financial Performance of PG Group Limited (Last 3 Years)

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	337.74	277.07	281.16
Profit After Taxation	8.92	5.12	8.03
Equity Capital	10.00	10.00	10.00
Reserves	6.97	(1.53)	(6.42)
Net Worth	16.97	8.47	3.58
Non Current Assets	0.75	0.87	1.04
Net Current Assets/(Current Liabilities)	16.77	7.89	2.60

Non Current Liabilities	-	-	-
-------------------------	---	---	---

18. PG Home Group Limited

PG Home Group Limited was incorporated on 13th May, 2008. Its registered office is situated at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon. PG Home Group Limited incorporated with the main objective to undertake the Business of trading of Home and garments products and investment holding

Corporate Identity Number: 1236464

Capital Structure of PG Home Group Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 250,000 ordinary shares of US\$ 1 each	250,000
b.	Issued Share Capital 250,000 ordinary shares of US\$ 1 each	250,000

Shareholding Pattern of PG Home Group Limited

The current shareholding of PG Home Group Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	PG Group Limited	90.00%
b.	Vicente Vial CERDA	10.00%

Board of Directors of PG Home Group Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth
- iv. Mr. Mahesh Kumar Seth
- v. Mr. Sebastian Felipe Berstein
- vi. Mr. Yariv Guiloff Titelman
- vii. Mr. Vicente Vial Cerda

Financial Performance of PG Home Group Limited (Last 3 Years)

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	85.91	60.09	51.80
Profit After Taxation	2.67	2.35	0.68
Equity Capital	2.50	2.50	2.50
Reserves	.30	(2.23)	(4.60)
Net Worth	2.80	0.27	(2.10)
Non Current Assets	0.49	0.20	0.29
Net Current Assets/(Current Liabilities)	2.31	0.06	(2.40)
Non Current Liabilities	-	-	-

19. PG Home Group SPA, Chile (Formerly Pearl GES Home Group SPA)

PG Home Group SPA, Chile was incorporated on 18th August, 2008. Its registered office is situated at In Avda Del Parque 4980, office 131, City Business, Huechuraba, Santiago, Metropolitan, Region

Public of Chile. Pearl GES incorporated with the main objective to undertake the Business of purchase, sale, marketing, distribution, import, export, on its own or for others, of every kind of movable or immovable, tangible or intangible item relating to home, such as appliances, home furnishings and in general, all directly or indirectly related to the home. The representation of business and professional services consultancy in all kinds general areas related directly or indirectly to its target.

Corporate Identity Number: (562)29492654, (562)22479511

Capital Structure of PG Home Group SPA, Chile as on March 31, 2014

Sr. No.	Share Capital	Figures in Ch\$
a.	Authorised Share Capital 30,00,000 ordinary shares of US\$ 1 each	30,00,000
b.	Issued Share Capital 1,000 ordinary shares of US\$ 1 each	1,000

Shareholding Pattern of PG Home Group SPA, Chile

Pearl GES Home Group S.P.A. is a 100% wholly owned subsidiary of PG Home Group Limited.

Board of Directors of PG Home Group SPA, Chile

- i. Mr. Sebastián Berstein Jáuregui
- ii. Mr. Vicente Vial Cerda

Financial Performance of PG Home Group SPA, Chile (Last 3 Years)

(Ch\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	10322.03	5113.80	471.47
Profit After Taxation	(439.96)	918.56	(178.91)
Equity Capital	30.00	30.00	30.00
Reserves/(Accumulated Losses)	598.23	(598.23)	(320.33)
Net Worth	188.26	(568.23)	(290.33)
Non Current Assets	41.36	39.33	45.48
Net Current Assets/(Current Liabilities)	(83.77)	531.52	(499.63)
Non Current Liabilities	-	-	-

20. Norwest Industries Limited

Norwest Industries Limited was incorporated on 24th June, 1998. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. The principal activity of the Norwest Industries Limited is the Trading of Garments.

Corporate Identity Number: 648235

Capital Structure of Norwest Industries Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in IS\$
a.	Authorised Share Capital 4,000,000 ordinary shares of US\$ 1 each	4,000,000
b.	Issued Share Capital 4,000,000 ordinary shares of US\$ 1 each	4,000,000

Shareholding Pattern of Norwest Industries Limited

The current shareholding of Norwest Industries Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Multinational Textile Group Limited	85.00%
b.	Mr. Pallak Seth	15.00%

Board of Directors of Norwest Industries Limited

- i. Mr. Deepak Kumar Seth
- ii. Mr. Pallak Seth
- iii. Mr. Om Prakash Makkam Suryanarayan Setty

Financial Performance of Norwest Industries Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	33567.46	30073.94	22278.97
Profit After Taxation	291.45	512.88	433.77
Equity Capital	311.20	311.20	93.36
Reserves	3210.66	3202.38	2769.99
Net Worth	3521.86	3513.58	2863.35
Non Current Assets	526.62	559.71	496.40
Net Current Assets/(Current Liabilities)	2882.31	2938.90	2366.54
Non Current Liabilities	1.77	38.52	--

21. GEM Australia Manufacturing Company Limited

GEM Australia Manufacturing Company Limited was incorporated on 6th June, 2012. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. GEM Australia Manufacturing Company Limited was incorporated with the main objective to undertake the Business of designing, manufacturing, sourcing of consumer goods.

Corporate Identity Number: 1756232

Capital Structure of GEM Australia Manufacturing Company Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 100,000 ordinary shares of US\$ 1 each	100,000
b.	Issued Share Capital 100,000 ordinary shares of US\$ 1 each	100,000

Shareholding Pattern of GEM Australia Manufacturing Company Limited

GEM Australia Manufacturing Company Limited is a 100% wholly owned subsidiary of Norwest Industries Limited.

Board of Directors of GEM Australia Manufacturing Company Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Patrick Spagnolo
- iv. Mrs. Payel Seth

Financial Performance of GEM Australia Manufacturing Company Limited

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13
Total Income	508.23	146.15
Profit After Taxation	44.09	(97.40)
Equity Capital	7.78	7.78
Reserves	(141.50)	(97.40)
Net Worth	133.72	(89.62)
Non Current Assets	7.06	10.09
Net Current Assets/(Current Liabilities)	(139.63)	(98.50)
Non Current Liabilities	1.15	(1.20)

22. Nor Lanka Manufacturing Limited

Nor Lanka Manufacturing Limited was incorporated on 22nd October, 2008. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Nor Lanka incorporated with the main objective to undertake the Business of trading in ready to wear garments & apparels.

Corporate Identity Number: 1281519

Capital Structure of Nor Lanka Manufacturing Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 10,000 ordinary shares of HK\$ 1 each	10,000
b.	Issued Share Capital 10,000 ordinary shares of HK\$ 1 each	10,000

Shareholding Pattern of Nor Lanka Manufacturing Limited

Nor Lanka Manufacturing Company Limited is a 100% wholly owned subsidiary of Norwest Industries Limited

Board of Directors of Nor Lanka Manufacturing Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth

Financial Performance of Nor Lanka Manufacturing Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12
Total Income	9634.85	9146.03	7636.54
Profit After Taxation	168.28	306.08	242.30
Equity Capital	0.10	0.10	0.10

Reserves	731.19	577.81	250.36
Net Worth	731.29	577.91	250.46
Non Current Assets	48.95	64.20	37.64
Net Current Assets/(Current Liabilities)	682.34	520.36	214.69
Non Current Liabilities	-	(6.66)	(1.86)

23. Nor Lanka Manufacturing Colombo Limited

Nor Lanka Manufacturing Colombo Limited was incorporated on 11th June, 2009. Its registered office is situated at No.231 Negombo Road Wattala, Sri Lanka. Nor Lanka Manufacturing Colombo Limited incorporated with the main objective to undertake the Business of sourcing of Garments from Sri Lanka.

Corporate Identity Number: PV69844PB

Capital Structure of Nor Lanka Manufacturing Colombo Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in SLR
	6,44,27,000 ordinary shares of SLR 1 each	6,44,27,000

Shareholding Pattern of Nor Lanka Manufacturing Colombo Limited

Nor Lanka Manufacturing Colombo Limited is a 100% wholly owned subsidiary of Nor Lanka Manufacturing Limited.

Board of Directors of Nor Lanka Manufacturing Colombo Limited

- i. Mr. Pallak Seth
- ii. Mr. Deepak Kumar Seth
- iii. Mrs. Faiza Habeeb Seth
- iv. Mr. Gerald Perera

Financial Performance of Nor Lanka Manufacturing Colombo Limited

(US\$ in Lakhs)

Particulars	31.03.14	31.03.13 3 Months
Total Income	261.49	113.66
Profit After Taxation	(2.61)	(172.17)
Equity Capital	5.23	0.02
Reserves	(4.01)	(172.17)
Net Worth	1.22	(172.15)
Non Current Assets	2.37	127.32
Net Current Assets/(Current Liabilities)	(0.51)	(299.48)
Non Current Liabilities	.63	--

24. Nor Europe Manufacturing Company Limited

Nor Europe Manufacturing Company Limited was incorporated on 4th November, 2011. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street,

Cheung Sha Wan, Kowloon. Nor Lanka Manufacturing Company Limited incorporated with the main objective to undertake the Business of Designing, manufacturing, Trading & marketing garments & accessories.

Corporate Identity Number: 1677379

Capital Structure of Nor Europe Manufacturing Company Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 100,000 ordinary shares of US\$ 1 each	100,000
b.	Issued Share Capital 100,000 ordinary shares of US\$ 1 each	100,000

Shareholding Pattern of Nor Europe Manufacturing Company Limited

The current shareholding of Nor Europe Manufacturing Company Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Norwest Industries Limited	70.00%
b.	Mr. Albert Farre Moll	30.00%

Board of Directors of Nor Europe Manufacturing Company Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Albert Farre Moll

Financial Performance of Nor Europe Manufacturing Company Limited

(HK\$ in Lakhs)

Particulars	31.03.14	Period from 04.11.2011 to 31.03.13
Total Income	948.22	939.55
Profit After Taxation	(53.33)	(30.36)
Equity Capital	7.78	7.78
Reserves	(83.72)	(30.36)
Net Worth	(75.94)	(22.58)
Non Current Assets	0.52	0.83
Net Current Assets/(Current Liabilities)	(76.46)	(23.41)
Non Current Liabilities	-	-

25. Sino West Manufacturing Company Limited

Sino West Manufacturing Company Limited was incorporated on 3rd January, 2012. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Sino West Manufacturing Company Limited was incorporated with the main objective to undertake the Business of Designing manufacturing trading in Footwear & leather accessories.

Corporate Identity Number: 1695266

Capital Structure of Sino West Manufacturing Company Limited as on March 31, 2014

Sr.No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 10,000 ordinary shares of US\$ 1 each	10,000
b.	Issued Share Capital 10,000 ordinary shares of US\$ 1 each	10,000

Shareholding Pattern of Sino West Manufacturing Company Limited

Sino West Manufacturing Company Limited is a 100% wholly owned subsidiary of Norwest Industries

The current shareholding of Sino West Manufacturing Company Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Norwest Industries Limited	100.00%

Board of Directors of Sino West Manufacturing Company Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth

Financial Performance of Sino West Manufacturing Company Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.14	31.03.13
Total Income	206.32	30.37
Profit After Taxation	(54.77)	(61.80)
Equity Capital	0.78	0.78
Reserves	(116.57)	(61.80)
Net Worth	(115.79)	(61.03)
Non Current Assets	6.00	9.10
Net Current Assets/(Current Liabilities)	(121.18)	(69.09)
Non Current Liabilities	0.62	1.04

26. Nor India Manufacturing Company Limited

Nor India Manufacturing Company Limited was incorporated on 17th December, 2010. Its registered office is situated at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Nor India incorporated with the main objective to undertake the Business of Contract manufacturing & trading in casual wear garments.

Corporate Identity Number: 1541611

Capital Structure of Nor India Manufacturing Company Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 250,000 ordinary shares of US\$ 1 each	250,000
b.	Issued Share Capital 10,000 ordinary shares of US\$ 1 each	10,000

Shareholding Pattern of Nor India Manufacturing Company Limited

Nor India Manufacturing Company Limited is a 100% wholly owned subsidiary of Norwest Industries Limited.

Board of Directors of Nor India Manufacturing Company Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth

Financial Performance of Nor India Manufacturing Company Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.2014	31.03.13	Period from 17 December 2010 to 31.03.12
Total Income	1130.00	886.84	111.83
Profit After Taxation	71.27	32.72	8.56
Equity Capital	0.78	0.78	0.78
Reserves	112.55	41.28	8.56
Net Worth	113.33	42.06	9.34
Non Current Assets	-	-	-
Net Current Assets/(Current Liabilities)	113.33	42.06	9.34
Non Current Liabilities	-	-	-

27. Spring Near East Manufacturing Company Limited

Spring Near East Manufacturing Company Limited was incorporated on 17th December, 2010. Its registered office is situated at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Spring Near Manufacturing Company Limited was incorporated with the main objective to undertake the Business of Contract manufacturing & trading in casual wear garments.

Corporate Identity Number: 1541623

Capital Structure of Spring Near East Manufacturing Company Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 250,000 ordinary shares of US\$ 1 each	250,000
	Issued Share Capital 200,000 ordinary shares of US\$ 1 each	200,000

Shareholding Pattern of Spring Near East Manufacturing Company Limited

The current shareholding of Spring Near east Manufacturing Company Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Norwest Industries Limited	65.00%

b.	Esra Tasoren	25.00%
c.	Safak Kipik	10.00%

Board of Directors of Spring Near East Manufacturing Company Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Esra Tasoren

Financial Performance of Spring Near East Manufacturing Company Limited (Last 3 Years)

(HK\$ in Lakhs)

Particulars	31.03.2014	31.03.13	Period from 17 December 2010 to 31.03.12
Total Income	4306.43	2733.77	265.11
Profit After Taxation	66.71	(2.61)	(71.55)
Equity Capital	0.78	0.78	0.78
Reserves/Accumulated Loss	(7.44)	(74.16)	(71.55)
Net Worth	(6.66)	(73.38)	(70.77)
Non Current Assets	25.01	26.11	12.34
Net Current Assets/(Current Liabilities)	(31.68)	(99.49)	(83.11)
Non Current Liabilities	-	-	-

28. Designed and Sourced Limited

Designed and Sourced Limited was incorporated on 27th August, 2012. Its registered office is situated at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. Designed and Sourced Limited was incorporated with the main objective to undertake the Business of Marketing, sourcing, branding and designing.

Corporate Identity Number: 1792222

Capital Structure of Designed and Sourced Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 500,000 ordinary shares of US\$ 1 each	500,000
b.	Issued Share Capital 200,000 ordinary shares of US\$ 1 each	200,000

Shareholding Pattern of Designed and Sourced Limited

The current shareholding of Designed and Sourced Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Norwest Industries Limited	60.00%
b.	Liang KanKe	20.00%
c.	Paul John TYCE	10.00%
d.	Katherine Rachel Dutton	10.00%

Board of Directors of Designed and Sourced Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mrs. Payel Seth
- iv. Mr. Liang Kan KE

Financial Performance of Designed and Sourced Limited (Last 2 Years)

(HK\$ in Lakhs)

Particulars	31.03.2014	31.03.13
Total Income	26.87	-
Profit After Taxation	(110.17)	(43.24)
Equity Capital	15.56	15.56
Reserves/ Accumulated Losses	(153.41)	(43.24)
Net Worth	137.85	(27.68)
Non Current Assets	0.81	1.26
Net Current Assets/(Current Liabilities)	(138.67)	(28.94)
Non Current Liabilities	-	-

29. PDS Asia Star Corporation Limited

PDS Asia Star Corporation Limited was incorporated on 24th October, 2012. Its registered office is situated at 7/F, ParkFook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. PDS Asia Star Corporation Limited incorporated with the main objective to undertake the Business of Manufacturing, import and export, retailing apparels, fashion products & fabrics.

Corporate Identity Number: 1815428

Capital Structure of PDS Asia Star Corporation Limited as on March 31, 2014

Sr.No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 300,000 ordinary shares of US\$ 1 each	300,000
b.	Issued & Fully Paid-up Share Capital 300,000 ordinary shares of US\$ 1 each	300,000

Shareholding Pattern of PDS Asia Star Corporation Limited

The current shareholding of PDS Asia Star Corporation Limited is as follows:

Sr.No.	Particulars	% of Shareholding
a.	Multinational Textile Group Limited	60.00%
b.	Feng Qing	40.00%

Board of Directors of PDS Asia Star Corporation Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Faiza Habeeb Seth
- iv. Mr. Feng Qing

Financial Performance of PDS Asia Star Corporation Limited (Last 2 Years)**(HK\$ in Lakhs)**

Particulars	31.03.2014	31.03.13
Total Income	484.94	--
Profit/Loss After Taxation	(77.66)	(33.66)
Equity Capital	23.34	23.34
Reserves	(110.98)	(33.63)
Net Worth	(87.64)	(10.29)
Non Current Assets	51.34	8.18
Net Current Assets/(Current Liabilities)	(98.60)	(16.45)
Non Current Liabilities	-	--

30. DPOD Manufacturing Limited

DPOD Manufacturing Limited was incorporated on 2nd November, 2012. Its registered office is situated at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan Kowloon, Hong Kong. DPOD Manufacturing Limited with the main objective to undertake the business designing, sourcing and trading in apparel and footwear.

Corporate Identity Number: 1820098**Capital Structure of DPOD Manufacturing Limited as on March 31, 2014**

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 100,000 ordinary shares of US\$ 1 each	100,000
b.	Issued & Fully Paid-up Share Capital 100,000 ordinary shares of US\$ 1 each	100,000

Shareholding Pattern of DPOD Manufacturing Limited

The current shareholding of DPOD Manufacturing Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Multinational Textile Group Limited	60%
b.	Design & Pod Limited	40%

Board of Directors of DPOD Manufacturing Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Faiza Habeeb Seth
- iv. Mr. Rajive Ranjan
- v. Mr. Birthe Siemers

Financial Performance of DPOD Manufacturing Limited.**(HK\$ in Lakhs)**

Particulars	31.03.14
Total Income	573.33
Profit/Loss After Taxation	3.85
Equity Capital	7.78

Reserves	3.85
Net Worth	11.63
Non Current Assets	-
Net Current Assets/(Current Liabilities)	11.63
Non Current Liabilities	--

31. Poeticgem International Limited

Poeticgem International Limited was incorporated on 27th September, 2013. Its registered office is situated at 9/f, Surson Commercial Building, 140-142, Austin Road, Tsimshatsui Kowloon, Hong Kong. Poeticgem International Limited with the main objective to undertake the business designing, sourcing and trading in apparel.

Corporate Identity Number: 1972951

Capital Structure of Poeticgem International Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 100,000 ordinary shares of US\$ 1 each	100,000
b.	Issued & Fully Paid-up Share Capital 10,000 ordinary shares of US\$ 1 each	10,000

Shareholding Pattern of Poeticgem International Limited

Poeticgem International Limited is a 100% wholly owned subsidiary of Multinational Textile Group Limited.

Board of Directors of Poeticgem International Limited

- i. Mr. Deepak Seth
- ii. Mr. Omprakash Makkam

Financial Performance of Poeticgem International Limited

(HK\$ in Lakhs)

Particulars	31.03.14
Total Income	-
Profit/Loss After Taxation	(0.81)
Equity Capital	0.778
Reserves	(0.81)
Net Worth	(0.032)
Non Current Assets	-
Net Current Assets/(Current Liabilities)	0.033
Non Current Liabilities	--

32. Kleider Sourcing Hong Kong Limited

Kleider Sourcing Hong Kong Limited was incorporated on 24th October, 2013. Its registered office is situated at 9/f, Surson Commercial Building, 140-142, Austin Road, Tsimshatsui Kowloon, Hong Kong. Kleider Sourcing Hong Kong Limited with the main objective to undertake the business designing, sourcing and trading in apparel.

Corporate Identity Number: 1984924

Capital Structure of Kleider Sourcing Hong Kong Limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 10,000 ordinary shares of US\$ 1 each	10,000
b.	Issued & Fully Paid-up Share Capital 10,000 ordinary shares of US\$ 1 each	10,000

Shareholding Pattern of Kleider Sourcing Hong Kong Limited

The current shareholding of Kleider Sourcing Hong Kong Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Norwest Industries Limited	55%
b.	Iftekhar Ullah Khan	30%
c.	Md Abu Toab Nayan	10%
d.	Mohammad Morshed Alam	5%

Board of Directors of Kleider Sourcing Hong Kong Limited

- i. Mr. Deepak Seth
- ii. Mr. Pallak Seth
- iii. Mr. Iftekhar Ullah Khan

Financial Performance of Kleider Sourcing Hong Kong Limited

(HK\$ in Lakhs)

Particulars	31.03.14
Total Income	54.00
Profit/Loss Taxation	(3.70)
Equity Capital	0.778
Reserves	(3.70)
Net Worth	(2.92)
Non Current Assets	-
Net Current Assets/(Current Liabilities)	(2.92)
Non Current Liabilities	--

33. Nor France Manufacturing Company limited

Nor France manufacturing Company Limited was incorporated on 18th December, 2012. Its registered office is situated at 7/F Park fook Industrial building 615-617, Tai Nam St cheulg sha wan Hong Kong Sourcing Hong Kong Limited with the main objective to undertake the business designing, sourcing and trading in apparel.

Corporate Identity Number: 1840459

Capital Structure of Nor France Manufacturing Company limited as on March 31, 2014

Sr. No.	Share Capital	Figures in US\$
a.	Authorised Share Capital 10,000 ordinary shares of US\$ 1 each	10,000
b.	Issued & Fully Paid-up Share Capital 10,000 ordinary shares of US\$ 1 each	10,000

Shareholding Pattern Nor France Manufacturing Company limited

The current shareholding of Nor France Manufacturing Company Limited is as follows:

Sr. No.	Particulars	% of Shareholding
a.	Norwest Industries Limited	75%
b.	Rakesh Chadha	15%
c.	Joseph Cohen	10%

Board of Directors of Nor France Manufacturing Company limited

- i. Mr. Deepak Seth.
- ii. Mr. Pallak Seth.
- iii. Mrs. Faiza Habbeeb Seth.

Financial Performance of Nor France Manufacturing Company limited

(HK\$ in Lakhs)

Particulars	31.03.2014	31.03.13 18December 2012 to 31 March 2013
Total Income	9.77	-
Profit/Loss After Taxation	(4.58)	(12.94)
Equity Capital	7.78	7.78
Reserves	(60.37)	(12.95)
Net Worth	(52.59)	(5.17)
Non Current Assets	.92	0.51
Net Current Assets/(Current Liabilities)	(53.52)	(56.52)
Non Current Liabilities	-	--

MANAGEMENT DISCUSSION AND ANALYSIS

- 1. Business Overview**
- 2. Strengths**
- 3. Opportunities**
- 4. Competition Risk & Concerns**
- 5. Adequacy of Internal Control Systems**
- 6. Material Development in Human Resources and Industrial Relation**

1. BUSINESS OVERVIEW

We are a multinational, ready-to-wear apparel company operating in the business of designing, distribution, marketing, and sourcing of and accessories thereof. We provide total supply chain solutions to our customers, which include value retailers as well as high-end fashion brand retailers around the world including Europe. Our multi-stream business model enables us to offer multi-country, multi-gender and multi-product options to our global customers. We strive to achieve the highest standards of service and meet the needs of international businesses by providing competitive new designs pricing, quality, and reliable delivery. By leveraging our global networks, market knowledge, and advanced technology and information systems, we have the capacity and flexibility to respond rapidly to evolving consumer trends. We believe these capabilities make us a preferred vendor for garment retailers around the world. The Company's services cover the entire supply chain through three distinct yet interconnected Business Networks: design & product development, trading, marketing and distribution and sourcing of garments.

2. STRENGTHS

Our marketing and merchandizing teams that interact with our customers at their locations, which help us to better, understand our customers' requirements. We believe that our integrated global business model positions us to take advantage of synergies in product design, development, marketing, distribution and sourcing of our ready-to-wear apparel products. We leverage the competitive advantages of each location to optimize value for our customers, while maximizing our gross margins. We also seek to cater to our customers' needs of competitive pricing, quality, on-time delivery and compliance with global labour practices. Our broad spectrum of customers includes value retailers, such as TESCO, ASDA Wal-Mart, Matalan, Primark, Sainsbury, DUNNES, MAX, Zara, Next, River Island, Arcadia. We have also developed strong relationships with over 300 third-party manufacturing units in Sri Lanka, Bangladesh, India, China and Turkey, which we have nurtured over the years. We seek to source garments efficiently and cost effectively for our customers by matching a product order from our customer with our most competitive third-party manufacturing unit. The sourcing offices employ approximately 2800 personnel, who manage businesses with these units. We manage the quality of goods manufactured by them, timely shipment of inventory, local and international logistics and export documentation on behalf of our customers.

Our Company has excellent capability in design and product development through a strong team of approximately 150 employees in our design and product development departments. They work in close co-ordination with the business teams to provide suitable and innovate design to the customers.

With the recent trends, the future of the garment industry in India look it is quite promising. The Indian garment industry alone provides employment to Lakhs of people, a high percentage among

who are young women. Therefore, the significance of the Indian garment industry cannot be ruled out when it comes to employment generation and foreign exchange generation. The growth in the garment industry will boost the growth of Indian economy.

3. OPPORTUNITIES

India has emerged as the most preferred destination for global brands and stores like Zara, H&M, Tommy Hilfiger and Walmart, apex industry body for apparel sector as per Apparel Export Promotion Council (AEPC).

Rising cost of labour in china and marginal price difference in fabrics prices in India and china are helping India. Since costs are rising in china, the media to long term business will move to other countries which can better or match china's cost and delivery capabilities. Since buyers are looking at alternate markets for sourcing, India has greater chance, being economically and socially stable country. Besides, large garment industry in India is getting more organized for higher demands.

4. COMPETITION RISKS & CONCERNS

The Overseas buyers are reducing not only their orders but also their prices due to serious liquidity problems being faced by them. The fortunes of garment exporters would therefore continue to fluctuate in rough weather in international market.

Garment manufacturing is totally a labour intensive and even after greater automation it will remain so. The obsolete and antiquated labour legislation has hindered the growth of the extremely labour intensive garment manufacturing. The restrictive industrial and labour laws restrain management's capability to respond professionally, effectively and speedily to the fast changing dynamic international textile scenario and request for labour reforms with flexible labour laws to increase productivity.

There is an urgent need for flexible labour norms specific to garment manufacturers and exporters to enable them to meet the increasing international competition especially with regard to employment of casual labour and overtime hours of work during high season which are necessitated by the requirement of meeting tight delivery schedules required for export.

Even as the debate rages there is no doubt that there is a need to move out existing manufacturing bases to bring down the cost, but is also true that going to new areas which do not have infrastructure to support the industry is not only difficult, but also ultimately more expensive.

5. ADEQUACY OF INTERNAL CONTROL SYSTEM

The Company's internal control system has been designed to provide for:

- i) Accurate recording of transactions with internal checks and prompt reporting
- ii) Adhere to applicable Accounting standards and policies.
- iii) Review of capital investments and long term business plans.
- iv) Periodic review meetings to manage effectively implementation of system.
- v) Compliance with applicable statutes, policies and operating guidelines of the Company.
- vi) Effective use of resources and safeguarding of assets.
- vii) IT systems with in-built controls to facilitate all of the above.

The Company has adequate systems of internal controls to ensure that transactions are properly recorded, authorized and reported apart from safeguarding its assets. Your company has successfully implemented SAP for its manufacturing units and will continue upgrading the same.

The Company has its own Corporate Internal Audit set up which carries out periodic audits at all locations and all functions and brings out deviations to internal control procedures. The

observations arising out of audit are periodically reviewed and compliance ensured.

6. HUMAN RESOURCE MANAGEMENT

Our success depends on our ability to recruit, train and retain quality personnel. Accordingly special emphasis is placed on human resources function in our Company. The Company adopts a “People first” approach to leverage the potential of employees. Systems and methods to improve employee productivity continuing skill up-gradation and training and by emphasizing the importance of quality products and customer satisfaction.

Since the global retailers have been evaluating the number of countries and suppliers with whom they work. The global retailers are increasingly ranking their suppliers to identify vendors capable of becoming “strategic partners”. The key criterion being used by global retailers to rank their vendors include among others:

- i) Flexibility to offer products direct from factory or landed delivered
- ii) Ability to offer multi-country manufacturing facilities in order to spread geo-political risk
- iii) Ability to offer design input and product development skills
- iv) Broad product line across casual, woven, knitted garments and sweaters
- v) Track record of on-time delivery, fulfillment of order and quality performance, and
- vi) Ethical business practices

In select instances, global retailers have formed a “Supplier Council” comprising its top suppliers, which serves as a “Board of Advisors” to their sourcing teams, and provides guidance in development of long-term sourcing strategies.

SECTION – 5 LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding or pending litigations, suits, criminal or civil prosecutions, proceeding or tax liabilities against our Company, our Directors, our Promoters or our Promoter Group Companies that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues or dues payable to holders of debentures, bonds and fixed deposits (irrespective of whether they are specified under Part I of Schedule XIII of the Act), that would have a material adverse effect on our business:

All references to the “Company”, “we”, “our” in this Section XIV shall relate to the companies for whom disclosures have been made in this Section under the respective headings.

PDS MULTINATIONAL FASHIONS LIMITED

As per the Scheme of Arrangement, all suits, actions and proceedings of whatever nature by or against PGIL pending on the Appointed date i.e. 1st April, 2012 or instituted at any time thereafter on or before Effective Date i.e. 13th May, 2014. and relating to Sourcing, Distribution and Marketing business of PGIL shall be continued and enforced by or against the Company after the Effective Date.

Except as described below:

1. There are no outstanding litigation suits, criminal or civil, involving economic offences or proceeds or tax liability or of any other nature whatsoever against our Company, its Promoters, Group Companies and our Directors that would have material adverse effect on our Business.
2. There are no overdue, defaults to the Financial Institutions/Banks, Re-Scheduling of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters, group Companies, Directors of the Company
3. There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigations against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offenses against the Directors, Promoters, Companies and firms promoted by the promoters.
4. There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and Finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.
5. There is no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.
6. There are no past cases in which penalties were imposed by the concerned authorities on the Company or its directors.

(A) OUTSTANDING LITIGATIONS INVOLVING PDS :

1. Litigations against the PDS or against any other company whose outcome could have a materially adverse effect on the position of PDS.

NIL

2. Litigations against the Directors of PDS involving violation of statutory regulations.
NIL
3. Litigations against the Directors of PDS alleging criminal offense.
NIL
4. Any criminal prosecution against the Directors of PDS for any litigation towards tax liabilities.
NIL
5. Any civil prosecution against the Directors of PDS for any litigation towards tax liabilities.
NIL
6. Pending proceedings initiated for economic offenses against PDS.
NIL
7. Pending proceedings initiated for economic offences against the Directors of PDS.
NIL
8. Adverse findings, if any, in respect of PDS as regards compliance with the securities laws.
NIL
9. The details of the past cases in which penalties were imposed by the authorities concerned on the PDS.
NIL
10. The details of the past cases in which penalties were imposed by the authorities concerned on the Directors of PDS.
NIL
11. Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of PDS, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.
NIL
12. The information regarding pending litigations, defaults, non-payment of statutory dues, proceedings initiated for economic offenses or civil offenses (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against PDS.
NIL
13. The information regarding pending litigations, defaults, nonpayment of statutory dues, proceedings initiated for economic offenses or civil offenses (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the Directors of PDS.
NIL
14. The name(s) of the small scale undertaking(s) or any other creditors to whom the PDS owes a sum exceeding Rs. One Lac which is outstanding more than thirty days.
NIL
15. Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the subsidiaries of the PDS, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.
NIL

(B) OUTSTANDING LITIGATIONS INVOLVING THE PROMOTERS:

1. All pending litigations in which the promoters are involved.
NIL
2. List of all defaults to the financial institutions or banks by Promoters
NIL
3. List of all non-payment of statutory dues by Promoters
NIL
4. List of all dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares by Promoters
NIL
5. List of proceedings initiated for economic offenses or civil offenses (including the past cases, if found guilty) by Promoters.
NIL
6. List of all disciplinary action taken by the Board or recognized stock exchanges against the promoters.
NIL
7. All the litigations against the Promoter involving violation of statutory regulations.
NIL
8. All the litigations against the promoter alleging criminal offense.
NIL
9. List of Pending proceedings initiated for economic offenses against the promoters.
NIL
10. List of adverse findings, if any, in respect of the persons/entities connected with the PDS / promoter companies as regards compliance with the securities laws.
NIL
11. Details of the past cases in which penalties were imposed by the concerned authorities.
NIL

(C) MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE:

N.A.

GOVERNMENT APPROVALS

PDS was incorporated as PDS Multinational Fashions Limited on 6th day of April 2011 under the Companies Act, 1956 under the CIN No.U18101DL2011PLC217162 and it obtained Certificate of Commencement of Business on 11th day of May 2012.

Consequent to the vesting of the Sourcing, Distribution and Marketing Business of PGIL and pursuant to the Scheme of Arrangement, all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), patents, copyrights, records, designs, and all relevant intellectual property rights in the aforesaid, municipal permissions, approvals, consents, subsidies, tenancies in relation to the offices, and/or residential properties for the employees, privileges, income tax benefits and exemptions under the Income Tax Act, 1961 (or any statutory modification or reenactment thereof for the time being in force), all other rights including sales tax deferrals and exemptions and other benefits, lease rights, prospecting licenses, and the surface rights in relation thereto, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Sourcing, Distribution and Marketing Business, stand transferred to and vested in or be deemed to be transferred to and vested in PDS as if the same were originally given or issued to or executed in favour of PDS, and the rights and benefits under the same shall be available to PDS.

SECTION – 6 REGULATORY AND STATUTORY DISCLOSURES

REGULATORY AND STATUTORY DISCLOSURES

Authority for the scheme

The Hon'ble High Court of Judicature at Delhi, by its order dated 10th March 2014 and Certified true Copy of order issued on 25, April, 2014 has approved the Scheme of Arrangement between Pearl Global Industries Limited, PDS Multinational Fashions Limited and their respective shareholders.

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Disclaimer Statement by the Company

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 or any other material issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his own risk should be incorporated.

Listing

Application has been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of shares.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

In Principle Approval from BSE & NSE

The Company has received in-principle approval for listing from BSE bearing letter no. DCS/AMAL/BS/IP/168/2014-15 dated September 23, 2014 and from NSE bearing letter no. NSE/LIST/246915-F dated August 6, 2014.

SEBI Relaxation of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957

The Securities and Exchange Board of India has given relaxation of Rule 19(2) (b) of the Securities Contracts(Regulation) Rules, 1957 to the company vide its letter no. CFD/DIL/AKD/PM/23666/2014 dated August 11, 2014.

Disclaimer Clause by BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated April 12th, 2013 approved the said Scheme under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum has been incorporated as the Stock Exchange on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- Warrant, certify and endorse the correctness or completeness of any of the contents of this

- Information Memorandum; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
 - Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause by NSE:

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE has vide its letter dated April 12th, 2013 approved the said Scheme under clause 24(f) of the Listing Agreement and by virtue of that approval the NSE's name in this Information Memorandum has been incorporated as the Stock Exchange on which the Company's securities are proposed to be listed.

The NSE does not in any manner:

- Warrant, certify and endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that this Company's securities will be listed or will continue to be listed on the NSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the NSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

Copy of this Information Memorandum has been filed with BSE and NSE.

DEMAT Credit

The Company has executed Agreements with both depositories i.e., NSDL and CDSL for admitting its securities in demat form. The ISIN allotted to the Company's Equity Shares is INE111Q01013 Shares have been allotted to those shareholders who have provided necessary details to the Company and/or who were holding their shares in PGIL in demat form as well as physical shares as on the Record Date.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained an expert opinions.

Previous Rights and Public Issues

The Company has not made any public or rights issue since incorporation.

Commission and Brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Promise vis-a-vis Performance

This is for the first time the Company is getting listed on the Stock Exchange.

Outstanding Debenture or Bonds and Redeemable Preference Shares and Other Instruments Issued by the Issuer Company

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

Stock Market Data for Equity Shares of the Company

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of shares through this Information Memorandum.

Disposal of Investor Grievances

Link Intime India Private Limited are the Registrars and Transfer Agent of the Company to accept the documents/requests/complaints from the investors/shareholders of the Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding in the respective processing units.

The documents are processed by professionally trained personnel. Subsequent to the completion of the process the documents are scrutinized thoroughly by independent firm(s) of company Secretaries appointed by the Company.

The Company has set up service standards for each of the various processors involved such as effecting the transfer/dematerialization of securities/change of address ranging from 5-7 days.

Link Intime India Private Limited maintains an age-wise analysis of the process to ensure that the standards are duly adhered to. Mr. Mukesh Kumar, the Company Secretary of the Company is vested with responsibility of addressing the Investor Grievance in coordination with Registrar & Transfer Agents.

Mr. V. M. Joshi may be contacted at the following address:

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-1,
New Delhi - 110028

ARTICLES OF ASSOCIATION

Main provisions of Articles of Association of the Company are as under:

1. Unless the context or the definition herein contained otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act" or any statutory modification thereof for the time being in force at the date at which these Articles become binding on the Company.

‘Act’ means the Companies Act, 1956, and includes any re-enactment or statutory modification thereof for the time being.

‘Articles’ or ‘Articles of Association’ means and includes these Articles, as amended, added, altered and modified from time to time.

‘Auditors’ means and includes those persons appointed as such for the time being by the Company.

‘Beneficial Owner’ shall have the meaning assigned thereto in section 2(1)(a) of the Depositories Act.

‘Board’ or ‘Board of Directors’ means a meeting of the Directors duly called and constituted, or as the case may be, the Directors assembled at a Board.

‘Capital’ means the share capital for the time being raised or authorised to be raised, for the purpose of the Company.

‘Central Government’ means the Central Government of India acting through the Department of Company Affairs or such other ministry or department as the context may require.

‘Company’ or ‘This Company’ means **PDS Multinational Fashions Limited**.

‘Depositories Act’ shall mean the Depositories Act, 1996 and Includes any statutory modification or re-enactment thereof for the time being in force.

‘Depository’ shall mean a Depository as defined in section 2(1)(e) of the Depositories Act.

‘Directors’ means the directors of the Company for the time being and includes persona occupying the position of directors by whatever name called including alternate directors.

‘Dividend’ includes bonus and Interim dividend.

‘General Meeting’, ‘Annual General Meeting’ and ‘Extraordinary General Meeting’ shall have the meaning given to such terms in Article 63 herein.

‘In writing’ and ‘written’ includes printing, lithography and other modes of representing or reproducing words in visible form.

‘Law’ means any statute, law, ordinance, rule, administrative interpretation, regulation, press note, order, writ, injunction, directive, judgment or decree issued by the Government of India or any of its ministries, departments, secretariats, agencies, legislative bodies, courts and tribunals, whether at the central, state or municipal/local level.

‘Member’ shall mean a duly registered holder, from time to time, of the Security of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

‘Non Retiring Director’ means a Director not subject to retirement by rotation appointed pursuant to Article 119A.

‘Office’ and **‘Registered Office’** means the registered office for the time being of the Company.

‘Ordinary Resolution’ and **‘Special Resolution’** shall have the meanings assigned thereto by the provisions of the Act.

‘Postal Ballot’ includes voting by Members .by postal or electronic mode instead of voting personally by being present for transacting business in a general meeting of the Company.

‘Register of Members’ means the Register of Members to be kept pursuant to the provisions of the Act.

‘The Registrar’ means the Registrar of Companies of the State in which the Office of the Company is for the time being situated. .

‘Proxy’ includes Attorney duly constituted under a Power of Attorney to vote for a Member at a General Meeting of the Company on a poll.

‘Seal’ means the Common Seal for the time being of the Company.

‘Securities’ means securities as defined In Section 2(h) of the Securities Contract (Regulation) Act, 1956 and includes any statutory modification or re-enactment thereof, for the time being in force.

Words importing the singular number shall include where the context admits or requires the plural number and vice versa and words importing the masculine gender shall include feminine.

TABLE ‘A’ EXCLUDED

2. The Regulations contained in Table "A" of the Companies Act, 1956, as amended, shall not apply to the Company except so far as the same are reproduced or contained in or expressly made applicable by these Articles or the Act. The regulations for the management of the Company and the observance of the Members thereof and their representatives shall, subject to any exercise of the Company's power to modify, alter, delete or add to its regulations, as prescribed by the Act, be such as are contained in these Articles.

CAPITAL & INCREASE & REDUCTION OF CAPITAL

Share Capital

3. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to consolidate, increase, reduce, divide and/or sub-divide the Share Capital or reclassify them into several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether in regard to Dividend, voting, return of Capital, distribution of assets or otherwise, as may be determined in accordance with the Law and the regulations from time to time of the Company and the provisions of the Companies Act, 1956 for the time being in force including Statutory modifications, amendments or re-enactment of the Act

thereof and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may, from time to time, be provided by the regulations or resolutions of the Company and to consolidate or sub-divide or reorganise shares or issue shares of higher or lower denominations. The minimum paid-up capital of the company shall be Rupees Five Lakhs.

DEMATERIALISATION OF SECURITIES

- 3A. (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

Options for Investors

- (ii) a) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, Issue to the Beneficial Owner the required certificates-of Securities.
- b) If a person opts to hold his security with a depository, the Company shall intimate such Depository the details of allotment of the Security and, on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.

Securities in Depositories to be in fungible form

- (iii) All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

Rights of Depositories and beneficial owners

- (iv) a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security on behalf of the Beneficial Owner.
- b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- c) Every person holding Securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a Depository.

Service of Documents

- (v) Notwithstanding anything in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

Transfer of Securities held in a depository will be governed by the provisions of the Depositories Act, 1996.

- (vi) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

Allotment of Securities Dealt with by a Depository

- (vii) Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.

Distinctive numbers of Securities held In a Depository

- (viii) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

Register and Index of Beneficial Owners

- (ix) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Securities holders for the purposes of these Articles.

Power to Issue Preference Shares

- 4. i. Subject to the provisions of the Act and these Articles, any shares in the Company may be issued with such preferred or other special rights, or such restrictions, whether in regard to Dividend or repayment of Capital or both, as the Company may, from time to time, by ordinary resolution determine and any preference shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed and/or convertible on such terms and conditions as may be determined by the Company in General Meeting ("Redeemable Preference shares").
- ii. Unless the Company in General Meeting otherwise determine or the terms of issue of Redeemable Preference shares otherwise provide, the redemption of Redeemable Preference shares shall be effected in the manner set out below:
 - a. The redemption shall be made by repayment of Capital paid up on such shares, together with premium, if any, agreed to be paid on redemption at anytime or times after such date or dates as the Directors may determine.
 - b. Such shares may be redeemed in entirety or in parts in the latter case, the Directors may decide the number of shares and the individual shares to be redeemed on each occasion in such manner as they may deem fit.
 - c. The registered holders of the shares to be redeemed shall be given one month's notice of the intention of the Directors to redeem the same as aforesaid at their registered addresses and also by public notice in at least two newspapers, of which one should be in Hindi and other in English, circulating in and around the place where the Registered Office of the Company is situated. The notice for redemption to the registered shareholders shall specify the particulars of the shares to be redeemed, the date fixed for redemption and the

place at which the certificate for such shares are to be presented for redemption. On or before the date fixed for redemption, the holder of such shares shall be bound to deliver to the Company at the specified place the related share Certificate/s for cancellation. If any certificate so delivered to the Company includes shares not redeemable on that date, a fresh certificate for unredeemed shares shall be issued to the registered holder of the shares.

- d. Upon surrender of the shares as aforesaid and after the expiry of the date fixed for redemption, the Company shall pay to such holder the amount paid-up thereon together with premium, if any, agreed to be paid on redemption and accumulated Dividend, subject to deduction of income tax at the prescribed rates, whether declared or not on the Capital paid-up on the date of redemption, where after Dividend shall cease to accrue on the shares so redeemed.
- iii. In the event of winding up, the preference shareholders of the Company will be entitled to receive all arrears of Dividend accrued up to the commencement of the winding up, whether such Dividend have been declared or not.

Shares with non Voting/Varied Rights

- 4A. In the event it is permitted by the Law to issue non-voting shares or shares which have rights attached thereto different from the rights attached to Equity Shares or any other kind, class or type of shares, the Board of Directors may issue such shares upon such terms and conditions and with such rights and privileges attached thereto as thought fit and as may be permitted by the Law.

Allotment of Shares

- 5. Subject to the provisions of the Companies Act, 1956 and these Articles, the share shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such times, either at par or at a premium, and for such consideration whether In cash or in kind as the Board thinks fit. Provided that the option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in General Meeting.

Commission for placing Shares, Debentures etc.

- 6. The Company may, subject to and in accordance with the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the Company or his procuring or agreeing to procure subscription, whether absolute or conditional for any share in, or debentures of the Company. The commission may be satisfied by the payment of the cash or the allotment of full or partly paid shares or debentures or partly in one way and partly in the other subject to the applicable provisions, if any, of the Act. The company may also, on any issue of shares or debentures, pay such brokerage as may be lawful, and usual or reasonable.

Shares at a discount

- 7. With the previous authority of the Company in General Meeting and the sanction of the Company Law Board and upon otherwise complying with Section 79 and other applicable provisions, if any, of the Act, the Board may issue at a discount any shares of a class already issued.

Deposits and Calls etc. to be a Debt Payable Immediately

8. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call, or otherwise, in respect thereof, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

Installments to be paid

9. If by the conditions of allotment of any shares, the whole or part of the amount of Issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person, who, for the time being, shall be the registered holder of the shares ex by his executors or administrator.

Trust not Recognised

10. Save as herein otherwise provided and subject to Section 187(C) of the Act, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or as required by statutes be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.

Increase in Share Capital

11. a. The Company may, from time to time, by ordinary resolution increase the. authorised share Capital by such sum, to be divided into shares of such amount as may be specified in the resolution.

New Capital Same as Existing Capital

- b. Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of issue of new shares shall be considered to be part of the then existing Capital, and shall be subject to the provisions herein contained.
- c. That option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting.

Further Issue of Capital

12. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed Capital of the Company by allotment of further shares:
- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date;
- (b) the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time, not being less than fifteen days from the date of the offer, within which the offer if riot accepted, will be deemed to have been declined;

- (c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
 - (d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of the shares in such manner as they think most beneficial to the Company.
- (2) Notwithstanding anything contained in clause (1) of this Article, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub-clause (a) of clause (1) of this Article), in any manner whatsoever;
- (a) if such offer is authorised by a special resolution of the Company in General Meeting or,
 - (b) where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in that General Meeting (including the casting vote, if any, of the chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf, that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed:
- (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the debentures Issued by the Company:
- (a) To convert such debentures or loans into shares in the Company; or
 - (b) To subscribe for shares in the Company.
- Provided that the terms of Issue of such debentures or the terms of such loans include a term providing for such option and such term;
- (a) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with the applicable Rules made by the Government in this behalf; and
 - (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the Special Resolution passed by the Company in General Meeting before the issue of the loans.

Inequality in Number of New Shares

13. If, owing to any inequality in the number of new shares to be Issued, and the number of shares held by Members entitled to have the offer of such new shares, any difficulty arises in apportionment of such new shares or any of them, amongst the Members such difficulty shall, in the absence of any direction in the resolution creating or issuing the shares of by the Company in General Meeting, be determined by the Board.

Buy Back Its own Shares or give Loans for the Purpose

- 13A. Subject to the provisions of Sections 77A and 77B of the Act and Securities and Exchange Board of India (Buy-back of Securities), Regulations, 1998 (“Regulations”) as may be in force at any time and from time to time, the Company may acquire, purchase, own, resale any of its own shares and any other securities as may be specified under the Act, Rules and Regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times In one or more installments as the board may in its discretions decide and deem fit. Such shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may prevail at the relevant time subject to such terms and conditions as may be decided by the Board and, subject further to the rules and regulations governing such issue.

Reduction of Capital

14. The Company may, subject to the provisions of Section 100 to 105 and other applicable provisions, if any, of the Act, from time to time, by special resolution, reduce its Capital and any Capital redemption reserve account or premium account in any manner for the time being authorised by law and in particular Capital may be paid off on the footing that it may be called up again or otherwise, and the Company may, if and as far as is necessary, alter its Memorandum and Articles of Association by reducing the amount of its share Capital and of its shares accordingly. Provided that such special resolution shall not be necessary in case of application of share premium account in the manner authorised by Section 78 of the Act. .

Sub-Division and consolidation of Shares

15. (1) Subject to the provisions of the Act and other applicable Law, the Company may, at a General Meeting, from time to time, by an ordinary' resolution, consolidate, subdivide or cancel its shares in the following manner:
- (a) consolidate and divide all or any of Its share Capital Into shares of larger amount than its existing shares;
 - (b) sub-divide its shares, or any of them, into shares of smaller amount, such that the proportion between the amount- paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
 - (c) cancel any shares which, a: the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share Capital by the amount of the shares so cancelled. Cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of the share Capital within the meaning of the Act.
- (2) Whenever the Company shall do anyone or more of the things provided for in the foregoing Article 15(1) (a), (b) and (c), the Company shall, within thirty (30) days thereafter give notice thereof to the Registrar of Companies specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.
- (3) The Company in General Meeting may also, subject to the provisions of the Act, determine by ordinary resolution that as between the holders of the shares resulting from each sub-division, one or more of such shares shall have some preferential or special rights as regards Dividends, payment of Capital or otherwise.

Surrender of Shares

16. Subject to the provisions of Section 100 to 104 of the Act, the Board may accept from any Member the surrender, on such terms and conditions as shall be agreed of all or any of his shares.

Variation of Shareholders' Right

Power to Vary Rights

17. a. If at any time the share Capital is divided into different classes of shares, rights attached to any class (unless otherwise provided by the terms of Issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General Meeting, the provisions of these Articles relating to General Meeting shall, to the extent consistent, apply.
- b. The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Members' Right to Certificate

18. Every Member shall be entitled free of charge to one certificate for all the shares of each class registered in his name, or if the Board so approves to several certificates each for one or more of such shares provided that in respect of each additional certificate which does not comprise shares in lots of the market unit of trading, the Board may, subject to the provisions of the Act, and applicable rules and these Articles, charge a fee of rupees two or such smaller sum as it may determine. The Company shall complete and deliver all certificates of shares within three months after the allotment of any of its shares or within one month, after the application for the registration of the transfer, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall specify the name of the person(s) in whose favour it is issued, its number and denoting the number of shares in respect of which it is issued and the amount paid up thereon.

Issue of New Certificate, in place of One Defaced, Lost or Destroyed

19. The issue of share certificates in duplicate and the issue of new shares certificates on consolidation or sub-division or in replacement of any share certificate which are surrendered for cancellation due to their being old, decrepit, worn out, defaced, torn or otherwise mutilated or rendered useless or whereon the space for recording transfers of the shares to which the said certificate shall relate has been filled-up, shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof. If any share certificate is lost or destroyed then upon proof thereof to the satisfaction of the Board and on such indemnity as the Board may deem adequate; being given, a new certificate In lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. Every certificate under this Article shall be issued without payment of fees if the Director's so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates on replacement of those which are old, defaced or worn out, or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules and regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable in this behalf.

The provisions of this Article shall apply mutatis mutandis to debentures of the Company.

CALLS

20. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and such Member shall be subject to his time having been given at least thirty days notice specifying the time or times and place of payment, pay the amount of every call so made on him to the persons and at the times and places so appointed by the Board. A call may be made payable by installments and shall be deemed to have been made at the time when resolution of the Board authorising such call was passed at a meeting of the Board.

When Amount Payable

21. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the nominal amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls, forfeiture or otherwise shall relate to such amount or installment accordingly.

When Interest on Call or Installment

22. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the holder for the time being of the shares in respect of which the call shall have been made, or the installments shall be due, shall pay interest for the same at the rate of fifteen percent per annum or such lower rate of interest as the Board may determine from time to time from the day appointed for the payment thereof till the time of actual payment. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Evidence in Action by Company Against Shareholder

23. On the trial or hearing of any action or suit brought by the Company against any shareholder or his legal representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, was on the Register of Members of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the Minute Book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Board who made any call, or that a quorum was present at the Board meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Initial Payment not to Preclude Forfeiture

24. Neither a judgment in favour of the Company for calls or other moneys due in respect of any

shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall, from time to time, due from any member to the Company in respect of his shares, either by way of principal or Interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from proceeding to enforce forfeiture of such shares as hereinafter provided.

Voting Rights when Calls In Arrears

25. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company, has exercised, any right of lien.

Payment of Calls in Advance

26. The Board may, if it thinks fit, subject to the provisions of the Act, receive from any member willing to advance the all or any part of the moneys due upon the shares held by him beyond the sum actually called for, and upon the moneys so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares, in respect of which such advance has been made, the Company may pay interest at such rate to the Member paying such sum in advance as the Board may agree upon. Money so paid in excess of the amount of calls shall not rank for Dividends or confer any right to participate in profits, and until appropriated towards satisfaction of any calls, shall not be treated as part of its Capital and shall be repayable at any time if the Board in its absolute discretion so decides.

FORFEITURE AND LIEN

If Call or Installment not Paid, Notice May be given

27. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time, thereafter during such time as the call or installment remains unpaid, serve notice on such Member requiring him to pay the same, together with interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of Notice

28. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such Interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If Notice Is not complied with Share may be Forfeited

29. If the requirements of any such notices aforesaid are not complied with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited shares and not actually paid before the forfeiture subject to Section 205A of the Act.

Notice after Forfeiture

30. When any share have been so forfeited, notice of the resolution shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the

date thereof, shall forthwith be made in the Registrar, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited Share to Become Property of the Company

31. Any share so forfeited shall be deemed to be the property of the company, and the board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

Power to Annul Forfeiture

32. The Board may, at any time before any share so forfeited shall have been re-allotted or otherwise disposed off annul the forfeiture thereof upon such conditions as it thinks fit.

Liability on Forfeiture

33. A person whose shares have been forfeited shall cease to be a Member in respect of the shares, but shall notwithstanding such forfeiture, remain liable, and shall forthwith pay to the company, all calls, or installments, interest and expenses; owing upon or in respect of such shares, at the time of the forfeiture, together with interest thereon, from the time of the forfeiture until payment at fifteen percent per annum or at such lower rate as the Board may, from time to time, determine and the board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

Evidence of Forfeiture

34. A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company and has been authorised by a Board resolution to act as declarant and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company, for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see application of purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

Forfeiture Provisions to Apply to Non Payment in Terms of Issue

35. The forfeiture provisions of these Articles shall apply in the case of non-payment of any sum which by the terms of issue of a share, become payable at fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Company's Lien

36. The Company shall have a first and paramount lien upon every share not being fully paid-up, registered in the name of each Member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for payment thereof shall have actually arrived or not no equitable interest in any share shall be created except upon the footing and condition that Article 10 thereof is to have full effect. Such lien shall extend to all Dividends from time to time declared in respect of such share subject to Section 205A of the Act.

Provided the Board may at any time declare any share to be wholly or in part exempt from the provisions of these Articles.

Provided further that unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to Enforcing Lien by Sale

37. For the purpose of enforcing such lien, the Board may sell the shares in such manner as it thinks fit, but no sale shall be made until the sum in respect of which such lien exists is presently payable and until a notice in writing of the intention to sell has been served on such Member, the executor or administrator or other legal representatives as the case may be and default has been made by him or them in the payment of the money called or payable a fixed time in respect of such share for thirty days after date of such notice.

Application of Proceeds of Sales

38. The net proceeds of the sale shall be received by the Company and after payment of the costs of such sale, applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of the sale.

Validity of Sales in Exercise of Lien and after Forfeiture

39. Upon any sale after forfeiture or for enforcing lien in the purported exercise of the powers hereinbefore given, the Board may appoint some persons, to execute an Instrument of transfer of the share sold and cause the purchasers' name to be entered in the Register in respect of the share sold, and the purchasers' shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only.

Board may Issue New Certificate

40. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered. On the issue of such certificate the original certificate in respect of such share shall stand automatically cancelled and be void.

TRANSFER AND TRANSMISSION OF SHARES

Execution of Transfers Etc.

41. Save as provided in Section 108 of the Act, transfer of a share shall not be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate, or, if no such certificate is in existence, with the letter of allotment of the share and such other evidence as the Board may require to prove the title of transferor and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer deed shall be duly attested by the signature of one credible witness who shall add his name and address.

Company not to Register Transfer of Less Than Such Number of Shares as May be Fixed

42. The Company may not accept application for transfer of less than such number of shares as may, in consultation with the stock exchange/s on which the shares of the Company are listed, be fixed, provided, however, the said prohibition shall not apply to:
- a. The transfer of equity shares made in pursuance of a statutory provision or an order of a court of Law;
 - b. The transfer of the entire equity shares by the existing equity shareholder, of the Company by a single transfer to single or joint names;
 - c. The transfer of more shares than the minimum prescribed in the aggregate in favour of same transferee under two or more transfer deeds, out of which one or more relates to the transfer of less than the minimum prescribed.

Form of Transfer

43. Every instrument of transfer of shares shall be in the form prescribed under Act or the, Rules made there under and shall be in accordance with the provisions of Section 108 of the Act.

Directors may Refuse to Register Transfer

44. Subject to the provision of Section 111A, these Articles or other applicable provisions of the Act or any other Law, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by, operation of Law of the right to any shares or interest of the Member in debentures of the Company. The Company shall within one month from the date on which the instrument of transfer or the intimation of such transmission as the case may be, was delivered to the Company, send notice of the refusal to 'the transferee and the transferor giving reasons for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever, except where the Company has a lien on the shares.

No Transfer to Minor etc.

45. No transfer shall be registered In favour of a person of unsound mind and no transfer of partly paid shares shall be registered in favour of a minor.

Instrument of Transfer to be Deposited at Office

46. Every instrument of transfer shall be, deposited at the Office of Company for registration, accompanied by the documents and evidence as required under these Articles.

Power to Close Register of Members

47. On giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated, subject to the provisions of Section 154 of the Act; registration of transfer may be closed or suspended during such time and for such periods not exceeding in 'the aggregate forty five days in each year, but not exceeding thirty days at any one time as the Board may, from time to time, determine.

Persons Entitled to Shares by Transmission

48. In case of the death of a Member, the survivor, where the deceased was a joint holder, and his legal representative, executor or administrator where he was a sole holder, shall be the only

persons recognized by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. The Board may require any persons becoming entitled to shares in consequence of death of any Member to obtain a Grant of Probate or Letter of Administration or other legal representation, as the case may be, from a competent court, provided it shall be lawful for the Board in its absolute discretion to dispense with the production of probate or, Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board may think fit, without in any case being bound to do so. The powers and discretions of the Board under these Articles may be delegated and exercised by a Committee of Directors or an officer of the, Company duly authorised in this regard. Provided that no fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate if, death or marriage, power of attorney or similar other document.

Transfer of Shares of Insane, Infant, Deceased or Bankrupt Member

49. Any committee or guardian of a person of unsound mind or minor or any person becoming entitled to the transfer of a share in consequence to the death or bankruptcy or insolvency of any Member or by any other lawful means, upon producing such evidence that he sustains the character in respect or which he proposed to act under this Article or his title as the Board thinks sufficient, may subject to the right of the Board to decline registration under Article 43 of these Articles, elect, either;
- i. To be registered himself as a holder of the shares, or
 - ii. To make such transfer of the shares as the deceased or the insolvent Member could have made.

Rights of Persons Entitled to Shares by Reason of Death Etc.

50. The Board may, subject to the provisions of the Act, retain the dividends payable upon a share to which any person become entitled under Article 48 of these Articles, until such person or his transferee shall become a Member in respect of such shares.

Election Under the Transmission Article

51. 1. If the person so becoming entitled under Article 48 elects to be registered as holder of the share himself, he shall deliver or send to the Company a notice In writing signed by him stating that he so elects.
2. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
3. All the limitations, restrictions and provisions of these Articles relating to the right of transfer and registration of instruments of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the Member or transmission or devolution of his share by any other lawful means had not occurred and the notice of transfer was a transfer signed by that Member.

Board May Require Evidence of Transmission

52. Every transmission of a share shall be verified in such manner as the board may require and the Company may refuse to register any such transmission until the sale be so verified or until or unless an indemnity be given to the Company with regard to such registration, which the Board at its' discretion shall consider sufficient, provided nevertheless there shall not be any obligation on the Company or the Board to accept any *indemnity*.

Right of Person Entitled to Shares under the Transmission Article

53. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder thereof or by any other lawful means shall, subject to the provisions of these Articles be entitled to the same Dividends and other advantages to which he would be entitled as if he were the registered holder of the share except that no such person shall, before being registered as a Member in respect of the share, be entitled to exercise in respect thereof any right conferred by Membership in relation to meetings of the Company. Provided that the board may at any time give notice requiring any such person to elect either to be registered himself as a Member in respect of such share or elect to have some person 'nominated by him registered as a Member in respect of such share 'subject to the right of the Board to decline registration under Article 44 of these Article and, If such notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

The Company not Liable for disregarding of a Notice Prohibiting Registration of Transfer

54. Neither the Company nor any of its Directors or other officers shall incur any liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of a share made or purporting to be made by any apparent or legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in such share, notwithstanding that the Company may have had notice of such equitable right, title or Interest or notice prohibiting registration of such transfer and may have entered any such notice or referred thereto in any book or record of the Company, and the Company shall not be bound or required to regard to attend or give effect to any such notice nor be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book or record of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

Transfer of Debentures

55. The provisions of these Articles shall *mutatis mutandis* apply to the transfer or transmission by operation of law on debentures or other securities of the Company.

Joint Holders

56. Where two or more persons are registered as the holder of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, but so that;
- a. The Company shall be entitled to decline to Register more than three persons as joint holders of any share, and
 - b. The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share.

Receipts of One Sufficient

57. Anyone of the joint-holders of a share may give effectual receipts for any Dividends or other moneys payable in respect of such share or bonus share.

Delivery of Certificate Giving a Notice to First named Holders

58. 1. Only the person whose name stands first in the Register of Member as one and of the joint-holders of any share shall unless otherwise directed in writing by all joint holders and confirmed in writing by the Company be entitled to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents) from the Company and any notice given to or served on such person shall be deemed as a notice or service to all the joint holders.
2. Subject to the provisions of these Articles, the person first named in the Register as one of the joint-holders shall be deemed as a sole holder thereof for all the matters connected with the Company.

Voting Rights to first Named Holder

59. Anyone of the joint-holders of a share may vote at any meeting personally or by proxy as if he were a sole holder thereof provided that if more than one joint-holder of the share is present personally or by proxy then such of them whose name stands higher in the Register in respect of such share shall alone be entitled to vote in respect thereof.

Nomination

- 59A. Notwithstanding anything containing in these Articles or in any other Law for the time being in force, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of section 109 A of the Companies Act, 1956, and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder(s). Any nominations so made shall be dealt with by the Company in accordance with the provisions of section 109 B of the Companies Act, 1956.

BORROWING POWERS

Power to Borrow

60. The Board may, from time to time, and at its discretion, subject to the provisions of Section 58A, 292, 293 and 370 of the Act and of these Articles, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow moneys, either from the Directors, their friends and relatives or from others for the purposes of the Company and or secure the payment of any such sum or sums of money, provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from the temporary loans obtained from the Company's bankers in ordinary course of business) and remaining outstanding and un-discharged at that time exceed the aggregate, for the time being of the paid up Capital of the Company and its free reserves, that is to say, reserves, not set apart for any specific purposes the Board shall not borrow such money without the consent of the Company in General Meeting by an ordinary resolution. The Board may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by receiving deposits, issue of bonds, debentures perpetual, redeemable, debenture stock, or any security of the Company or by mortgage or charge or other security upon all or any part of the property or undertaking of the company (both present and future); including its uncalled Capital for the time being; provided that the Board shall not give any option or right to any person for making calls on the shareholders of the Company in respect of the amount unpaid for the time being on the shares held by them, without the previous sanction of the Company in General Meeting.

Issue at Discount etc. or Special Privileges

61. Subject to the provisions of the Act, and these Articles, any debentures, debenture stock, bond

or other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, drawings, attendance at General Meeting of the Company, allotment of share, appointment of Directors and otherwise, Debentures, debenture stock, bond and other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.

Provided that debenture/debenture stock, loan/loans stock with the right of conversion into equity shares, shall not be issued except with the sanction of the Company in General Meeting.

Indemnity May be Given

62. Subject to the provisions of the Act, The Directors or any of them or any other person shall incur or about to incur any liability or become personally liable, whether as principal or as surety. for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

GENERAL MEETING

Annual General Meeting

63. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting of the Company shall be called "Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the meeting shall specify it as the Annual General Meeting. The Company may in anyone Annual General Meeting fix the time for its subsequent Annual General Meetings. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Account's, Auditors report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' Shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the annual list of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the provisions of the Act. If for any reason beyond the control of the Board the General Meeting (including an Annual General Meeting) cannot be held on the appointed day, the Board shall have the power to postpone the General Meeting of which a notice should be given to the Members through advertisement in at least two newspapers, of which one should be on the language of the region in which the Registered Office of the Company is situated.

Extra-Ordinary General Meeting

64. The Board may whenever it thinks fit, and shall on the requisition of the Members in accordance with the provisions of Section 169 of the Act, proceed to call an Extra-Ordinary General Meeting of the Company. Provided that unless the Board refuses in writing to permit

the requisitionists to hold the said meeting at the Office it shall be held at the Office.

PROCEEDINGS OF GENERAL MEETING

Twenty-one days' notice of meeting to be given

65. At least twenty-one days' notice of every General Meeting, Annual or Extraordinary, and by whomsoever called specifying the day, place and hour of the General Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share Capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (1) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (2) the declaration of Dividend, (3) the appointment of Directors in place of those retiring, (4) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the ' concern or interest, if any, therein of every Director and the manager (if any), Where any such items or special business relates to, or affects any other company, the extent of shareholding interest in the other company, and the extent of shareholding interest In the other company of every Director and the manager, if any of the company shall also be set out in the statement if the extent of such, shareholding interest is not less than 2% (Two percent) of the paid up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Notice of Business to be Given

66. The ordinary business of the Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the reports of the Directors and of the Auditors, to elect Directors in place of those retiring by rotation, to appoint Auditors and to fix their remuneration and to declare, Dividends. All other business transacted at General Meeting shall be deemed as Special Business. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

Quorum to be Present When Business Commenced

67. 1. No business shall be transacted at General Meeting unless quorum is present at the time of the commencement of the business. Save as herein otherwise provided, at least five members present in person shall constitute a quorum.
2. If within half an hour from the time appointed for holding the meeting quorum shall not be present, the meeting, if convened by or upon the requisition of Members shall stand dissolved, but in any other case, the meeting shall stand adjourned, in accordance with the provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.

Resolution Passed

68. Any act or resolution, which under these Articles or the Act is permitted or required to be done or passed by the Company in General Meeting, shall be done or passed by an ordinary resolution as defined in Section 189 (1) of the Act, unless either the Act or these Articles

specifically require such act to 'be done or resolution to be passed as a special resolution as defined in Section 189 (2) of the Act.

Chairman of the General Meeting

69. 1. The chairman of the Board shall preside as chairman at every General Meeting of the Company. In the absence of the chairman of the Board, the vice-chairman of the Board or if at a meeting, the chairman/Vice chairman of the Board is not present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as chairman of the meeting, the Directors present shall elect one of their Members to be the Chairman of the meeting and if no Director be present, or if all the Directors present decline to take the chair, then the Members present shall elect one of their Members, being a Member entitled to vote, to be the chairman of such meeting.

Business Confined to Election of Chairman Whilst Chair Vacant

2. No business shall be discussed at any General Meeting before the election of the chairman, whilst the chair is vacant.

Chairman with Consent may Adjourn Meeting

70. 1. The Chairman may, with the consent of the General Meeting and shall, if so directed by the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
2. When meetings are adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting and save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Votes by Show of Hands

71. 1. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the voting on a show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or by proxy, or by the chairman of the meeting or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the Shares conferring that right.
2. A declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.
3. Any business other than upon which a poll has been demanded may be proceeded with pending the taking of a poll.

Votes of Members

72. 1. On a show of hands, every Member present in person and being a holder of equity shares shall have one vote and every person present as a duly authorised representative of a body corporate being a holder of an equity share shall, if he is not entitled to vote in his own right, have one vote.

2. On a poll, the voting rights of a holder of an equity share shall be as provided in Section 87 of the Act.

POSTAL BALLOT

Passing of Resolution by Postal Ballot

73. Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing the resolution by the members of the Company by means of a Postal Ballot (including voting by "Electronic mode") and/or other ways as may be prescribed by the Central Government in this behalf In respect of the following matters instead of transacting such business in a General Meeting of the Company:

- i. Any business that can be transacted by the Company in General Meeting; and
- ii. Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by Postal ballot.

The Company' shall comply with the procedure for such Postal Ballot and/or other ways prescribed by the Central Government in this regard from time to time.

Representation of Corporation

74. A company or a body corporate which is a member of the Company (hereinafter called "Member Company") may vote by proxy or by representative duly appointed in accordance with Section 167 of the Act. A person duly appointed to represent the Member Company at any meeting of the Company or at any meeting of any class of Members of the Company, shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Member Company which he represents as that Member Company could exercise if it were an individual Member.

Vote in Respect of deceased and Insolvent Members

75. Any person entitled under these Articles to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or the adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of-the right to transfer such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or noncomposmentis, he may vote whether on a show of hands or at Poll by 'his committee curator bonis or other legal curator and such last mentioned persons may give their votes in person or by proxy on a poll.

Votes by Joint Executors Etc.

76. Where there are several executors or administrators of a deceased Member if! whose sole name any share is registered, anyone of such executors or administrators may vote in respect of such share unless any other of such executors or administrators is present at the meeting at which such a vote is tendered and objects to the vote. In such case, the provisions relating to votes of joint-holders contained in Article 56 of these Articles shall apply.

When Vote by Proxy Valid though Authority Revoked

77. A vote given in accordance with the terms of an instrument, a proxy shall be valid

notwithstanding the previous death or insanity of the principal or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing shall have been received by the Company at the Office before the vote is given provided, nevertheless that the chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Forms of Proxy

78. Every Instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act.

Custody of the Instrument

79. If any such instrument of appointment be confined to the object of appointing an attorney or proxy, it shall remain permanently, or for such time as the Board may determine, in the custody of the Company, if embracing other objects, a copy thereof accompanied with the original, shall be delivered to the Company to remain in their custody.

Objections as to Qualifications of Votes

80. No objection shall be raised as to qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote disallowed at such meeting shall be valid for all purposes. Any such objection or objection as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the chairman of the meeting who shall forthwith decide the same and such decision shall be final and conclusive.

MINUTES OF MEETING

Minutes of General Meeting and Inspection thereof by Members

81. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that chairman within that period, by a Director duly authorised by the Board for that purpose.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.
- (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

- (7) Any such minutes shall be evidence of the proceedings recorded therein.
- (8) The book containing minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

DIRECTORS

Numbers of Directors

82. The Board of Directors shall consist of not less than three Directors and not more than twelve Directors, or such higher number not exceeding fifteen as may be approved by the Central Government. The following persons shall be the first directors of the company.

1. Mr. Deepak Seth
2. Mrs. Payel Seth
3. Mr. Pallak Seth

Non-Rotational Directors

83. Subject to the provisions of section 255, 256 and 268 of the Act, not more than 1/3rd of the total strength of the Board of Directors shall be Directors not liable 'to retire by rotation at the Annual General Meeting of the Company and they shall be termed as Non-rotational Directors.

Appointment of Nominee Director/s

84. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any All India Financial Institution or any State Financial Institution (hereinafter in these Articles referred to as the 'Corporation') out of any loans, debenture assistance granted by the Corporation to the Company or so long as the Corporation holds or continues to hold debenture/shares in the Company as a result of underwriting or by direct subscription or subscription by private placement or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any persons or persons as a Director, non-whole-time, or whole-time In the event of default, as specified in any agreements/contracts/deeds/documents entered into between the Corporation and the Company or executed by the Company In favour of the Corporation (which director or directors is/are hereinafter referred to as "Nominee Director/s") on the Board of 'the Company and to remove from such office any person or persons, so appointed, and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and the, privileges and subject to the same obligations as any other Directors of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or the Corporation holds or continues to hold debenture/share in the company, 'as a result of underwriting or direct subscription or subscriptions by private placement or the liability of the Company arising out of any guarantee is outstanding and, the Nominee Director/s, so appointed in exercise of the said power, shall ipso facto vacate such office immediately, the moneys owing by the Company to the

Corporation are, paid off or on the Corporation ceasing to hold debentures/shares in the Company or on satisfaction of the liability of the Company, arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and the meetings of the committee of which the Nominee Director/s is/are Members, as also the minutes of such meeting. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled but if any other fees, commission, money or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and the remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with his/their appointment or directorship shall also be paid or reimbursed by the Company, to the Corporation or such Nominee Director/s in connection with his/their appointment or directorship shall also be paid or reimbursed by the Company to, the Corporation, or to such Nominee Director/s, as the case may be.

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

In case the Nominee Director appointed by the Corporation is a whole-time director, such Nominee Director shall exercise such power and duties, as may be approved by the Corporation and have such 'rights, as are usually exercised or available to a whole-time Director in the management of the affairs of the Company. Such Nominee Director shall be entitled to receive such remuneration, fees commission and moneys, as may be approved by the Corporation and the Central Government.

Appointment of Alternate Director

85. Subject to Section 313 of the Act, the Board of the Company may appoint an Alternate Director to act for one or more Directors (hereinafter called the "Original Director/s") during his/their absence for a period of not less than three months from the Union Territory of Delhi and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and attend and vote there at accordingly. An Alternate Director/s appointed under this Article shall vacate office if and when the Original Director/s return/s to the Union Territory of Delhi. If the term of the office of the Original Director/s is determined before he/they so return/s to, the Union Territory of Delhi, any provision in the Act or In these Articles for the automatic reappointment of Retiring Directors in default of another appointment shall, apply to the Original Director/s and not 19 the Alternate Director, provided always that no person shall be appointed by the Board as an Alternate Director who shall not have been previously approved in writing by the Original Director/s.

Appointment of Additional Director

86. Subject to the provisions of Section 260 and other applicable provisions (if any) of the Act, the Board shall have power at any time and from time to time, to appoint a person as an Additional Director but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. The additional Director so appointed shall retire from office at the next following Annual General Meeting but shall be eligible for election by the Company at that meeting as a Director.

Qualification of Directors

87. A Director shall not be required to hold any qualification share.

Remuneration of Directors

88. 1. Subject to the provisions of the Section 198, 309 and 310 of the Act the remuneration of the Directors of the Company shall be as determined by the Company in a General Meeting from time to time.
2. Each Director may be paid out of funds of the Company by way of remuneration for his services a sum not exceeding such sum of money as may be decided by the Board from time to time subject to the limits as may be prescribed by the Central Government from time to time, for each meeting of the Board or of a Committee thereof which he will attend.
3. The Directors shall also be entitled to payment of traveling allowance for attending and returning from meeting of the Board or any committee thereof or General Meetings of the Company or for any journeys performed in connection with the business of the Company at the following scale viz.:
- a. Where the journey is performed by air, 1-1/4 of the plane fare.
 - b. Where the journey is performed by rail, 1-1/3rd of the fare by air conditioned coach or first class as the case may be.
 - c. Where the journey is performed by road, actual expenses.
4. In addition to the above, the Directors shall be entitled to reimbursement of all reasonable hotel and other expenses, as may be determined by the Board from time to time, incurred in attending the meeting of the Board or any committee thereof, or any other business of the Company.

Special Remuneration of Directors Performing Extra Service

89. If any director, being willing, shall be called upon to perform extra services or entrusted with any extra work or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company as member of a committee of Directors or otherwise, such Director may be remunerated in such manner as may be determined, subject to the provisions of Section 309 and 314 of the Act.

Expenses Incurred by a Director for Going out on Company's Work

90. If any director be called upon to go or reside out of Delhi on the company's business and if any director who has a usual place of residence outside Delhi is called upon to come to Delhi for Company's business or if such Director is required to go to any other place from his usual place of residence, he shall be entitled to be paid any traveling or other expenses incurred in connection with the business of the Company.

Directors May Act Notwithstanding Vacancy

91. 1. The continuing Director may act notwithstanding any vacancy in their body, but so that and so long as their number is below the number fixed by the Articles of the company as the necessary quorum for the Board the continuing Director or Directors as the case may be shall, except for the purposes of Increasing the number of directors to that number or for summoning General Meeting, not act for ' any other purposes.
2. All acts done by any meeting of the Board or of a committee thereof by any person acting as

a Director, shall notwithstanding that may be afterwards discovered that there was some defect in the appointment of anyone or more of such Directors or of any persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.

Chairman and Vice Chairman

92. Subject to the provisions of the Act, the Board of Directors shall appoint a Chairman and a vice-chairman of the Board. In the absence of chairman, the vice-chairman shall act as a chairman. If no such chairman/vice-chairman is appointed, or if at any meeting, the chairman and vice-chairman are not present within five minutes after the time appointed for holding the meeting or in the absence of chairman, vice-chairman present declines to act as a chairman, the directors present may choose one of their members to be the chairman of such meeting.

Managing Directors

93. The Board may, from time to time, appoint one or more of them to be managing director or managing directors of the Company, and may, from time to time, remove or dismiss him from office, and appoint another in his place but his appointment shall be subject to determination ipso facto if he ceases from any cause to be a Director of the company.

The Board may, from time to time, entrust to and confer upon a managing director for the time being, such of the powers exercisable under these presents by the directors as it may think fit, and may confer such powers from such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as it thinks expedient, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The remuneration of managing director shall be such as may from time to time be fixed by the Board subject to the provisions of Section 309 of the Act.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of Directors

94. The Directors may meet together as a Board for dispatch of business from time to time and shall so meet at least once in every three calendar months, and the Board may adjourn and otherwise regulate its meetings and proceedings as it may think fit.

Quorum

95. Subject to Section 267 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding directors, if any, whose places may be vacant at the title and any fraction contained in the One-third being rounded off as one), or two directors, whichever is higher, provided that where at any time the number of Interested Directors exceeds or is equal to two-third of the total strength, the number of Directors who are not interested, and are present at the meeting, being not less than two, shall be the quorum for such time.

Adjournment of Meeting for Want of Quorum

96. If at a meeting of the Board, a quorum is not present then the meeting shall stand adjourned to such day, time and place as the chairman and in his absence, the vice chairman and failing both of them the director or Directors present at the meeting may fix.

When Meeting to be Convened

97. A director may, and the Manager or Secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

Question at Board Meeting How Decided

98. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

Board May Appoint Committee

99. Subject to the provisions of the Act, and these Articles, the Board may from time to time and at any time, delegate any of its powers to a Committee(s) consisting of such director or directors as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part, and either as to persons or purposes, but every Committee of the Board formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board, all acts done by any such committee of the Board in conformity with regulations and in fulfillment of purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board, subject to the provisions of the Act, the Board may from time to time fix the remuneration to be paid to any member of their body constituting a Committee appointed under this Article and may pay the same.

Meeting of the Committee, How to be Governed

100. The meeting and proceedings of any such committee of the Board shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under these Articles.

Resolution by Circulation

101. 1. Subject to the provisions of the Sections 289, 292 and 297 of the Act, a resolution passed by circulation, without a meeting of the Board or a committee of the Board shall be as valid and effectual as a resolution duly passed at a meeting of the Board or a Committee thereof duly called and held.
2. A resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, If the resolution has been circulated In draft together with the necessary papers, if any, to all the directors or to all the Members of the Committee at their respective addresses registered with the Company and has been approved by a majority of directors or members of the committee as are entitled to vote on resolution.

Minutes of Proceedings of Meetings of the Board and Committee

102. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and committee thereof be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for the purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of every meeting in such book shall be dated and signed by the chairman of the next succeeding meeting.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as

aforesaid by pasting or otherwise.

- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
- (6) The minutes shall also contain:
 - (a) The name of the Directors present at the meeting; and
 - (b) In the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in the resolution.
- (7) Nothing contained in sub-clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting:-
 - (i) is or could reasonably be regarded as defamatory of any person;
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interests of the Company.

The chairman shall exercise an absolute discretion in regard to the inclusion of any matter in the minutes on the grounds specified in the sub-clauses.

- (8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of proceedings recorded therein.

POWERS OF DIRECTORS

Powers of Directors

103. Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers of the company and do all such acts and things as the Company is authorised to exercise or do and as are not, by the Act, or any other statute or by the Memorandum or Articles of Association of the company required or directed to be exercised or done by the Company in General Meeting, subject nevertheless to these Articles, the Act, or any other statute and to such regulations, not inconsistent therewith including regulations made by the Company in General Meeting, but no regulation made by the company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Certain Powers of the Board

104. Without prejudice to the general powers conferred by the foregoing Articles and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions and provisions contained in the Articles and the Act, it is hereby declared that the Board shall have the following powers, that is to say power:

Donations etc.

- a. Subject to Section 293 of the Act to pay donations to any individuals or institutions or contribute to any charitable, religious, benevolent, national, political, public or general and other funds not directly relating to the business of the company or the welfare of its employees, any sums the aggregate of which will, in any financial year, not exceed Rs. 50,000 (fifty thousand rupees) or 5% (five percent) of the average net profits of the company during the three financial years immediately preceding, whichever is greater, and may, with the consent of the Company in

General Meeting, contribute any sums in excess of such limits.

- b. To authorise or empower any director or Managing director or Secretary or any other officer of the company either by name, in virtue of office or otherwise or any other person or persons, either singly or jointly to exercise or perform all or any of the powers, including the power to sub-delegate authorities and duties conferred or imposed on the Board by way of these Articles subject to such restriction and conditions, if any, and either generally or in specific cases as the Board may think proper.

Appointment of Officer etc.

- c. To appoint and at their discretion, remove or suspend such officers, by whatever designation called managers, engineers, experts, legal advisers, Solicitors, clerks, agents, salesmen, workmen and other servants or professionals, for permanent, temporary or special services, as the Board may from time to time think fit and determine their duties, fix their salaries, emoluments and delegate to or confer upon them such powers, Including the power to sub-delegate authorities and discretions as the Board may think fit.

Welfare of Employees

- d. To provide for the welfare of employees or ex-employees!)r directors or ex-directors of the company and the wives, widows and families of the dependant or connections of such persons, by building or contributing to the building of houses, dwelling or by grants of moneys, pension gratuities, allowances, bonuses or other payment; or by creating and from time to time subscribing or contributing to provident fund and other funds, associations, institutions. or trust and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit.

SECRETARY

Board May Appoint Secretary

- 105. Subject to Section 383A of the Act the Board may from time to time appoint, and at its discretion subject to applicable provisions of the Act, if any, remove any person as the Secretary of the company ("Secretary") to perform such duties and functions, which by the Act or 'otherwise are to be performed by the Secretary of the Company, and to execute any other duties and functions, which may from time to time, be assigned to the Secretary by the Board. A director may be appointed as Secretary provided that any provision of the Act or these presences requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done or to the same person acting both as director and as, or in place of, the Secretary.

THE SEAL

The Seal in Custody and Use

- 106. The Board shall provide for a Common seal for the purposes of the Company, and shall have power from time to time, to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

Deeds How Executed

- 107. Subject to the provisions of the Act and these Articles every deed or other instrument, to

which the seal of the company is required to be affixed, by the authority of the resolution of the Board .shall, unless the same is executed by a duly constituted attorney of the Company, be signed by at least one director and shall be countersigned by another director or the Secretary or some other person appointed by the Board for the purpose, on every such deed or instrument.

DIVIDENDS AND RESERVES

Division of Profits

108. The profits of the company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of Capital paid up on the share held by them respectively. Provided always that subject as aforesaid any Capital paid up on a share during the period in respect of which a Dividend is declared shall unless the Board otherwise determine, only entitle the holder of such share to a proportionate amount of such Dividend as from the date of payment.

Dividend to Registered Shareholder Only

109. No Dividend shall be paid by the company In respect of any share except to the registered holder of such share or to his order or to his banker.

Reserves

110. 1.The Board may, before recommending any Dividend; set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising Dividends and pending such application, may at the like discretion, either be employed 'in the business of the company or be invested in such investment, other than shares of the Company as the Board may, from time to time think fit.

2. The Board may also carry forward any profits which It may think prudent not to divide, without setting them aside as a reserve.

Notice of Dividend

111. Notice of any Dividend that may have been declared shall be given to the persons entitled to share therein the manner mentioned· in the Act and these Articles.

Dividend Not to Bear Interest

112. No Dividend shall bear interest against the Company. In case of unclaimed Dividend, the company shall comply with the provisions of Section 205(A) of the Companies Act 1956, provided that no unclaimed or unpaid Dividend shall be forfeited by the Board.

Loss of Dividend Warrants etc.

113. The Company may issue a duplicate cheque or Dividend warrant or interest warrant on shareholder or holder of debenture furnishing such indemnity or otherwise as the Board may think proper.

Declaration of Dividend

114. The Company in General Meeting may declare a Dividend to be paid to the Members according to their respective rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

114A. "Dividend" includes any Interim Dividend declared by the Board and all the provisions of the Companies Act, 1956 for the time being in force including any statutory modifications, amendments or re - enactment of the Act, shall, as far as may be, also apply to any interim dividend.

Restrictions on Amount of Dividend

115. No larger Dividend shall be declared than is recommended by the Board, but the company in General Meeting may declare a smaller Dividend.

Declarations of Interim Dividends

116. The Board may, from time to time, pay to the Members such interim Dividends as appear to the Board to be justified by the financial position of the Company.

Dividend to be Paid In Cash Only

117. Subject to the provisions of the Act and these Articles, no Dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purposes of issuing fully paid up Bonus Shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

Dividend How Remitted

118. Dividend may be paid by cheques or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding or in case of registered shareholder having registered address outside India by telegraphic transfer to such bank as may be designated from time to time by such Members. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission, or for any Dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature on any pay-slip or receipt or, the fraudulent recovery of the Dividend by any other person by any means whatsoever.

Adjustment of Dividend due

119. Any Dividend due from the company to a Member, may, without the consent of such Member, be applied by the Company in or towards payment of any money due from him to the Company for calls.

Dividends only to be paid out of profits

120. No Dividend shall be declared or paid otherwise by the Company for any financial year out of the profit for that year arrived at after, providing for depreciation in accordance with the provisions of the Act except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed or out of the profits of the

Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:

- (a) if the Company has not provided for depreciation for any previous financial year or years shall before declaring or paying a Dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- (b) if the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less shall be set off against the profits of the Company for the years for which the Dividend is provided to be declared or paid or against the profits of the Company, for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-Section (2) of Section 205 of the Act or against both.

CAPITALISATION

Capitalisation

121. 1. Any General Meeting may, upon the recommendation of the Board, resolve that any moneys standing to the credit of the share premium account or Capital redemption reserve account or any moneys, investments or others assets, forming part of the undivided profits of the Company (including profits or surplus money realised on sale of capital assets of the Company) standing to the credit fund or reserve of the Company or in the hands of the Company and available for Dividend to be capitalised and distributed.
- a. By the issue and distribution among the holders of the shares of the Company or any of them on the footing that they become entitled there to as Capital in accordance with their respective rights and interest and in proportion to the amount paid or credited as paid thereon of paid up shares, bonds or other obligations of the Company; or
 - b. By crediting shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid thereon respectively, with the whole or any part of the same remaining unpaid thereon.
2. The Board shall give effect to such resolution and apply such portion of the profits or Reserve Fund or any other funds as may be required for the purposes of making payments in full or in part for the shares, of the Company so distributed or (as the case may be for purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up provided that no such distribution or payment shall be made unless recommended by the Board and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the paid capitalised sum.
3. For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution or payment as afore-said as they think expedient and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, bonds or otherwise as they may think fit, and may make cash payment to any holders of shares, on the footing of the value so fixed in order to adjust rights and may vest any shares, bonds or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Board.

4. In cases where some of the shares of the Company are fully paid and other are partly paid, only such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares and partly paid, the sum so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
5. Where deemed requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the Dividend or capitalised fund, such appointment shall be effective.

Distribution of the Realisation of Capital Assets etc.

122. A General Meeting may resolve that any surplus money arising from the realisation of any Capital assets of the Company or any investments represents the same or any other undistributed profits of the Company be distributed amongst the Members on the footing that they receive the same as Capital.

ANNUAL RETURN

Annual Return

123. The Company shall make the requisite annual return in accordance with the provisions of the Act.

INSPECTION OF REGISTERS

Inspection by Members

124. 1. The Board shall, from time to time, determine where and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of Members not being Directors.
2. No Member, not being a Director, shall have any right of inspecting any accounts or books or documents of the Company except as conferred by Law or authorised by the Board or by the Company in General Meeting.

ACCOUNTS

Directors to keep true Accounts

125. (1) The Company shall keep at the Office or at such other place in India as the Board thinks fit proper books of accounts in accordance with the Act with respect to:
 - (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
 - (b) all sales and purchases of goods by the Company; or
 - (c) the assets and liabilities of the Company.
- (2) Where the Board decides to keep all or any of the books of account at any place other

than the Office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

- (3) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of account.
- (4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its Office or other place in India, at which the Company's Books of Accounts are kept as aforesaid.
- (5) The books of accounts shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

As to Inspection of accounts or books by Members

126. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by Law or authorised by the Board.

Statement of accounts to be furnished to General Meeting

127. The Directors shall from time to time in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting such Balance Sheets, Profit and Loss Accounts and Reports as are required under the Act.

Directors to amend the audited accounts which have been laid before the Company in General Meeting

128. The Directors shall, if they considered it to be necessary in the interest of the Company, be entitled to amend the audited accounts of the Company, of any financial year which have been laid before the Company in a General Meeting. The amendments to the Accounts effected by the Directors in pursuance of this Article shall be placed before the members in General Meeting for their consideration and approval.

Copies shall be sent to each Member

129. A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by Law to be annexed or attached to the Balance Sheet), shall at least twenty-one days before the meeting at which the same are to be laid before the Members, be sent to the Members of the Company or to holders of debentures issued by the Company (not being debentures which ex-facie are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.

AUDIT

Audit

130. Once at least in every year the books of accounts of the Company shall be examined by one or more Auditor or Auditors.

Appointment of Auditors

131. The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office until the conclusion of next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by the provisions of the Act.

Branch audit

132. Where the Company has a branch office, the provisions of Section 228 of the Act shall apply.

Auditor's report to be read

133. The Auditor's Report shall be read before & the Company in Annual General Meeting and shall be open to inspection by any member of the Company.

Audited and approved Balance Sheet and Profit and Loss Account, to be conclusive evidence.

134. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in Annual General Meeting shall be conclusive, in respect of transactions of the Company for the relevant year.

NOTICES AND DOCUMENTS

Right of Auditor to Attend General Meeting

135. All notices of and other communications relating to any General Meeting of the Company or adjourned meeting as the case may be which any Member of the Company or any other person entitled to have sent to him shall also be forwarded to the Auditors of the Company; and each of the Auditors shall be entitled to attend any General Meeting and to be heard at any part of the business which concerns him as Auditor.

Services of Notices on Company

136. A notice may be served on the Company or an officer thereof by delivering it at its Registered Office or by sending it to the Company or officer at the Registered Office (if the Company by Registered post or cable confirmed by registered post. The term notice in these Articles shall include summons, notice, requisition, order or legal process and any document in relation to or in the winding up on the Company.

Service of Notice on Members by Company

137. A notice may be served by the Company on any Member either personally or by sending it by post to him to his registered address, or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving notice to him.

Persons Entitled to Notice of General Meeting

138. Notice of every General Meeting shall in addition to the Members and Auditors of the Company in accordance with the provisions of the Act, be given to Directors of the Company.

Omission of Notice Not to Invalidate Proceedings

139. Any accidental omission to give notice to, or the non-receipt of notice by any Members or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Service of Documents by Advertisement

140. A document advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be fully served on the day on which the advertisement appears, on every Member of the Company who has no registered address in India or has not supplied to the Company an address within India notice to him.

Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document and to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the same is posted and in any other case, the time at which letter would be delivered in the ordinary course of post.

Service of Document on Legal Representatives

141. A document may be served by the Company to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased, or assignees of the insolvent or any like description, at the address, if any, India supplied for the purpose by the persons claiming to be so entitled, or until address has been so supplied, by serving the documents in any manner in which the same might have been served if the death or insolvency had not occurred.

Document of Notice by Company and Signature thereto

142. Any document or notice to be served or given by the Company may be signed by a Director or Secretary or some person duly authorised by the Board of Directors for such purposes and the signature there to may be written, printed or lithographed or stamped.

Authentication of Documents and Proceedings

143. Save as otherwise expressly provided in the Act, or in these Articles a document or proceeding requiring authentication by the Company may be signed by a Director, chief executive officer, the manager, the Secretary or a duly authorised officer of the Company and need not be under its Common Seal.

Transferee etc, Bound by Prior Notices

144. Every person who by operation of Law, transfer or other means whatsoever become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register has been duly given to the person from whom he derives his title to such share.

Notice Valid though Member Deceased

145. Subject to the provisions of Articles therein mentioned. any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding such Member be then deceased and whether or not Company has

notice of his demise, be deemed to have been duly served, in respect of any registered share, whether held solely or jointly with other persons by such Member, until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any jointly interested with him or her in any such share.

Inspection of Registers etc.

146. Where under any provision of the Act, any person whether a member of the Company or not, is entitled to inspect any register, return, certificates, deed, instrument or document required to be kept or maintained by the Company, the persons so entitled to inspection shall be permitted to inspect the same during the hours of 11.00 AM to 1.00 PM on such business days, as the Act requires them to be open for inspection subject to such rules and regulations as the Board may prescribe from time to time in this behalf.

WINDING UP

Distribution of Assets

147. Subject to the provisions of the Act, and these Articles, if the Company shall be wound up and the assets available for distribution among the members as such shall not be sufficient to repay the whole of the paid up Capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the asset available for distribution among the Members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the shares held by them respectively.

This clause is, however, without prejudice to the rights or the rights of the holders of shares issued upon preferential or special terms and conditions.

Distribution In Specie or Kind

148. Subject to the provisions of the Companies Act, 1956, if the Company is wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributors, in specie or kind, the whole or any part of the assets of the Company and may, with the like sanction, vest the whole or any part of the assets of the Company trustees upon such trusts for the benefit of the contributories, or any of them as the liquidation with the like sanction, shall think fit.

SECRECY CLAUSE

Secrecy

149. Every Director, manager, Auditor, trustee, member of committee, officer, agent, accountant or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties, sign a declaration pledging himself or observe a strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declarations pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No Share-Holder to Enter the premises of the Company Without Permission

150. Unless otherwise provided herein, no Member or other person (other than a director) shall be entitled, to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or communicate.

INDEMINITY

151. Subject to Section 201 of the Act every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any bona fide proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.

SECTION – 7 OTHER INFORMATION

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company along with Certificate of Incorporation and Certificate of Commencement of Business issued by Registrar of Companies, NCT of Delhi and Haryana.
2. The Order of the Hon'ble High Court of Delhi sanctioning the Scheme of Arrangement for demerger of Sourcing, Distribution and Marketing Business of PGIL to the Company.
3. Letters issued by BSE and NSE according their no objection to the Scheme.
4. Return of Allotment dated June 5th, 2014 filed by the Company for allotment of Shares pursuant to the Scheme.
5. Copy of Tripartite Agreement with Depositories namely National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL).
6. Memorandum of Understanding with the Registrar and Share Transfer Agent.
7. Annual Report containing the Audited Accounts of the Company as on 31st March, 2014.
8. SEBI Letter granting relaxation from the applicability of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 for Listing of Equity Shares of PDS.

DECLARATION

No statement made in this Information Memorandum shall contravene any of the provisions of the Companies Act 1956 and the rules made there under. All the legal requirements as also the Regulations, Guidelines, instructions, etc., issued by SEBI, Government or any other competent authority in respect of listing of securities have been duly complied with.

On behalf of the Board of Directors of **PDS Multinational Fashions Limited**

(Company Secretary)

Place: New Delhi

Date : 23.09.2014