

Annual Report
2016-2017



PDS MULTINATIONAL FASHIONS LIMITED





Product Design & Show room

Corporate Information

Board of Directors

Mr. Deepak Seth	-	Chairman
Mr. Pallak Seth	-	Vice-Chairman
Mrs. Payel Seth	-	Managing Director
Dr. Ashutosh Prabhudas Bhupatkar	-	Independent Director
Mr. Ashok Kumar Chhabra	-	Independent Director
Mr. Ashok Kumar Sanghi	-	Independent Director

Chief Financial Officer

Mr. Omprakash Makam S. Setty

Company Secretary

Mr. B. Chandra Sekhara Reddy

Audit Committee

Dr. Ashutosh Prabhudas Bhupatkar	-	Chairman
Mr. Deepak Seth	-	Member
Mr. Ashok Kumar Sanghi	-	Member
Mr. Ashok Kumar Chhabra	-	Member

Nomination and Remuneration Committee:

Mr. Ashok Kumar Sanghi	-	Chairman
Mr. Ashok Kumar Chhabra	-	Member
Dr. Ashutosh Prabhudas Bhupatkar	-	Member

Stakeholders Relationship Committee:

Mr. Ashok Kumar Chhabra	-	Chairman
Mr. Deepak Seth	-	Member
Mr. Ashok Kumar Sanghi	-	Member

Auditors

M/s S. R. Dinodia & Co. LLP
Chartered Accountants
K-39, Cannaught Place
New Delhi - 110001

Registered Office:

No. 758 & 759, 2nd Floor, 19th Main,
HSR Layout, Sector-II,
Bangalore-560102
Karnataka, India

Bankers

Axis Bank
HSBC Bank

Contents

Statutory Report & Financial Statement

Notice.....	1
Directors' Report.....	4
Corporate Governance	26
Management Discussion and Analysis	34

Consolidated Financials

Independent Auditors' Report.....	37
Consolidated Balance Sheet.....	39
Consolidated Statement of Profit & Loss	40
Consolidated Cash Flow Statement.....	41
Notes	43

Standalone Financials

Independent Auditors' Report.....	70
Balance Sheet.....	74
Statement of Profit & Loss.....	75
Cash Flow Statement.....	76
Notes	77

Proxy Form

PDS MULTINATIONAL FASHIONS LIMITED

Registered Office: No. 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bangalore-560102

Tel: 080-67653000, Website: www.pdsmultinational.com; E-mail: investors@pdsmultinational.com

CIN: L18101KA2011PLC094125

NOTICE TO MEMBERS

Notice is hereby given that the 6th Annual General Meeting of the Members of PDS Multinational Fashions Limited, will be held on Wednesday, 27th day of September, 2017 at 12:15 PM at Clarks Exotica, Swiss Town, Hollywood Junction, Sadahalli Post, Devanahalli Road, Bengaluru - 562110, Karnataka, India, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Financial Statements of the Company on Standalone and Consolidated basis, for the financial year ended on 31st March, 2017, together with the Reports of Auditor and Directors thereon.
2. To appoint a Director in place of Mr. Pallak Seth, who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the appointment of M/s S. R. Dinodia & Co. LLP, Chartered Accountants, (Regn. No. 001478N/N500005), New Delhi, as Statutory Auditor of the Company and to fix their remuneration and for that purpose to pass the following as an Ordinary Resolution with or without modification(s):

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the resolution passed by the members at the 3rd Annual General Meeting (AGM) of the Company held on 26th September, 2014 in respect of the appointment of M/s S.R. Dinodia & Co. LLP, Chartered Accountants (Regn. No. 001478N/N500005) till the Conclusion of the 8th Annual General Meeting to be held in calendar year 2019, the Company be and hereby ratify the appointment of M/s S.R. Dinodia & Co. LLP, Chartered Accountants (Regn. No. 001478N/N500005) as the Statutory Auditor of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the M/s S.R. Dinodia & Co. LLP, Chartered Accountants (Regn. No. 001478N/N500005), Statutory Auditor and to do all the acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”

By order of the Board of Directors
For **PDS MULTINATIONAL FASHIONS LIMITED**

Place: Gurgaon
Date: May 29, 2017

(B. Chandra Sekhara Reddy)
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM**
2. Members/Proxies are requested to bring their attendance slip to the Meeting and are requested not to bring any article, briefcase, hand bag, carry bag etc., as the same will not be allowed to be taken inside the meeting place for security reasons. Further, the Company or any of its officials shall not be responsible for their articles, bags etc., being misplaced, stolen or damaged at the Meeting place.
3. Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those hold shares in Physical forms are requested to write their Folio Number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Corporate members intending to send their authorised representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 21st day of September, 2017 to Wednesday, the 27th day of September 2017 (both days inclusive).
7. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits Companies to send soft copies of the annual report to all those members who have registered their email address with the Company/RTA/depository Participants. To support this green initiative, the members holding shares both in physical/demat form are requested to register/update their email address with the Company/RTA/Depository Participants. Accordingly, the Annual Report for 2016-17, Notice for annual general meeting etc., are being sent in electronic mode to those members who have registered their email address with the Company/RTA/Depository Participant. For those members who have not opted for the above, the same are being sent in physical form.
8. Additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Directors seeking appointment/re-appointment at the annual general meeting are furnished and forms part of the notice.
9. All relevant documents referred to in the accompanying notice and explanatory statement are available for inspection at the Registered office of the Company during working hours upto the date of Annual General Meeting
10. Annual Report of the Company circulated to the members of the Company is also available on the Company's website www.pdsmultinational.com

11. NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 6TH ANNUAL GENERAL MEETING OF YOUR COMPANY.

12. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members facility to exercise their right to vote at the 6th Annual General Meeting (AGM) by electronic means and the business contained herein may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL):

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24th September at 10:00 AM and ends on 26th September at 5:00 PM. During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID-
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK"; else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 20th September, 2017 may follow the same instructions as mentioned for e-voting.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- II. Mr. R. Hariprasad Reddy, Proprietor of RHR and Associates, Practicing Company Secretary (Membership No. FCS 8477) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- III. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IV. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.pdsmultinational.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 6TH ANNUAL GENERAL MEETING UNDER REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015 AND SECRETARIAL STANDARD-II.

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name	Qualification	Brief Resume and area of expertise	Directorship & Membership of Committees in other listed Companies	No. of Shares held
Mr. Pallak Seth	Bachelor of Arts Degree in Economics and International Business	<p>Mr. Pallak Seth, aged 40 years, has a Bachelor of Arts Degree in Economics and International Business and Graduated with Magna Cum Laude distinction in 1998 from the Northwestern University, in Evanston, Illinois, USA. He is having versatile experience in Management, Sales and Marketing/Business Development and has launched House of Pearl Fashion's design sourcing and distribution business in 1999 with establishment of Norwest Industries Limited in Hong Kong.</p> <p>Mr. Pallak heads PDS Multinational Group's strategy and development initiatives. He is currently the Vice Chairperson of the Company.</p> <p>Mr. Pallak Seth was appointed as Director w.e.f. 6th April, 2011 on the Board of the Company. Mr. Pallak Seth has attended one Board Meeting out of five Board Meeting held during the financial year 2016-17.</p>	None	1581174 (6.07%)

None of the Directors, except Mr. Pallak Seth, himself, Mrs. Payel Seth and Mr. Deepak Seth, being relatives, are interested, whether directly or indirectly, in this Resolution set out in item no. 2 of the Notice.

DIRECTORS' REPORT

To the Members,

We have pleasure in presenting Sixth Annual Report of PDS Multinational Fashions Limited (the "Company") together with the audited financial statements for the financial year ended March 31, 2017.

RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the financial year ended 31st March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2017 and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

FINANCIAL SUMMARY

During the year under review your Company's financial summary is as under:

(Rs. in Crore)

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Income from operations	4616.01	4276.77	13.39	24.90
Other Income	14.44	31.25	0.07	0.11
Profit before Tax	43.50	43.73	0.74	(0.40)
Provision for Tax	5.07	0.66	0.23	(0.54)
Provision for Bad debt	0.00	4.83	0.00	0.42
Profit After Tax	14.30	27.91	0.51	0.14
EPS (in Rs.)	5.49	10.71	0.19	0.05

FINANCIAL PERFORMANCE AND STATE OF THE COMPANY'S AFFAIRS

Consolidated

On Consolidated basis, the total revenue for Financial Year 2016-17 was at Rs. 4630.45 Crore as against Rs. 4308.02 Crore in Financial Year 2015-16.

The Profit after Tax in FY2016-17 was at Rs 14.30 crore as compared to Rs. 27.91 Crore in Financial Year 2015-16.

Standalone

On Standalone basis, the Total Revenue for Financial Year 2016-17 stood at Rs.13.46 Crore as against Rs. 25.01 Crores in Financial Year 2015-16.

The Profit after Tax in FY 2016-17 was at Rs 0.51 Crore as compared to Rs. 0.14 Crore in Financial Year 2015-16.

STATE OF THE AFFAIRS OF THE COMPANY

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

DIVIDEND & RESERVES

Your Directors did not recommend any dividend for the financial year 2016-17 and not proposed to carry any amounts to reserves.

CHANGE IN THE NATURE OF THE BUSINESS

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

DEPOSITS

Your Company has not accepted any deposits from the Public or Shareholders during the year, nor has any unclaimed or unpaid deposits at the end of the financial year 2016-17.

BOARD MEETINGS

During the year, five (5) meetings of the Board of Directors were held. The details of which are given in the Corporate Governance report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

BOARD COMMITTEES

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

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders' Relationship Committee

Details of the Committees alongwith their composition and meeting held during the year are provided in the Corporate Governance Report, which forms part of this report.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Directors, namely Dr. A P Bhupatkar, Chairperson, Mr. Ashok Kumar Sanghi & Mr. Ashok Kumar Chhabra and one non-executive Director, Mr. Deepak Seth, as Members of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

The Company has also formulated a Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178 (3) of the Companies Act, 2013 and the same is annexed as **Annexure-I** with this report.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (“SEBI Listing Regulations”).

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

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

None of the Independent Directors are due for re-appointment.

DECLARATION FROM THE INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013, that he meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pallak Seth, Director would retire by rotation at the ensuing Annual General Meeting and being eligible, for re-appointment.

During the year, Mr. Chandra Kishor Jha, Company Secretary and Key Managerial Personnel of the Company has resigned with effect of 29th September, 2016. In Accordance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has appointed Mr. B. Chandra Sekhara Reddy, who is the head of Legal and Secretarial Department, as the Company Secretary and Key Managerial Personnel of the Company with effect from 14th November, 2016.

AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, M/s S. R. Dinodia & Co. LLP, Chartered Accountants, (Regn. No. 001478N/N500005), New Delhi, were appointed by the Members in its 3rd Annual General Meeting held on 26th September, 2014 as Statutory

Auditors of the Company for a period of five years. A Resolution for ratification of their appointment as Statutory Auditors is proposed in the Notice calling the 6th Annual General Meeting.

The Auditors' Report for financial year 2016-17 does not contain any qualification, reservation or adverse remark or disclaimer. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Secretarial Auditor

The Board has appointed Mr. R. Hariprasad Reddy, Practicing Company Secretary (Membership No. FCS 8477), proprietor of M/s. RHR & Associates, to conduct Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer. The Secretarial Audit Report for the financial year 2016-17 forms part of the Annual Report as **Annexure-II** to the Board's Report.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

As required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors' certificate on corporate governance is annexed as **Annexure-III** to the Board's Report.

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

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

RISK MANAGEMENT

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

CORPORATE GOVERNANCE

Report on Corporate Governance along with the certificate of the Auditors, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forming part of the Annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 (3) of the Listing Regulations is presented in a separate section under the head "Management Discussion and Analysis" forming part of the Annual Report.

VIGIL MECHANISM

As per Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Required Disclosures) Regulation, 2015, a comprehensive Whistle Blower and Vigil Mechanism Policy has been approved and implemented within the Organization. The policy enables employees and directors to report instances of the unethical act or suspected incident of fraud or violation of Company's code of conduct or ethics policy. The copy of policy is uploaded on the website of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 are not applicable to your Company.

CONSOLIDATED FINANCIAL STATEMENT

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

Companies which have become Subsidiaries during the financial year 2016-17.

1. Sure Investments Limited
2. Casa Forma London Limited
3. Blueprint Design Limited
4. Design Arc UK Limited
5. Grupo Sourcing Limited
6. Fareast Vogue Limited
7. PDS Far-east Limited
8. Kindred Brands Limited
9. Styleberry Limited
10. PDS Global Investments Limited
11. Green Smart Shirts Limited
12. Digital Ecom Techno Private Limited

Companies which ceased to be subsidiaries during the financial year 2016-17

- Grand Pearl Trading Co. Ltd. (Hangzhou)
- Norwest Inc.
- Nor France SAS

There is no change in status of Associate Company and Joint Venture.

A statement containing the salient features of the financial statement of our subsidiaries, associates and joint venture companies as per the Companies Act, 2013 in the prescribed Form **AOC-1** is appended as **Annexure-IV** to the Board's Report.

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

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, your Company neither gave any Loans, guarantees nor made investments which are covered under Section 186 of the Companies Act, 2013

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

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

EXTRACTS OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 is annexed as **Annexure-V** to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure-VII**.

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

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17:

Except the remuneration paid to Managing Director and sitting fees paid to the Independent Directors, none of the other directors drawing remuneration from the Company.

The ratio of the remuneration of Mrs. Payel Seth, Managing Director to the median remuneration of the employees is 8:1.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17 are as under:

Rs. in lacs

Sl. No.	Name of Director/KMP and Designation	Remuneration for FY 2016-17	% Increase in remuneration in 2016-17
1.	Mrs. Payel Seth – Managing Director	36.00	0.00
2.	Mr. Omprakash Makam S. Setty – Chief Financial Officer	82.19	0.35
3.	Mr. Chandra Kishor Jha – Company Secretary ¹	4.9	14.40
4.	Mr. B. Chandra Sekhara Reddy – Company Secretary ²	23.90	–

¹Mr. Chandra Kishor Jha ceased to be Company Secretary & Key Managerial Personnel w.e.f. 29th September, 2016.

²Mr. B. Chandra Sekhara Reddy appointed as Company Secretary & Key Managerial Personnel w.e.f. 14th November, 2016.

(ii) The percentage increase in the median remuneration of employees of the Company for the financial year 2016-17.

The median remuneration of the employees in the Financial Year 2016-17 was increased by 14.5% as compared to the financial year 2015-16.

(iii) The number of permanent employees on the rolls of company as on 31st March, 2017.

There were 59 permanent employees on the rolls of the Company as on 31st March, 2017.

(iv) The average percentile increase already made in the

salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentile increase in the Salaries of employees excluding the managerial personnel for financial year 2016-17 was 8%.

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

Note: There is no increase in the remuneration of managerial personnel.

(v) Particulars of employees posted and working in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month.

None of the employees posted and working outside India, not being directors and their relatives, drawing more than sixty lakh rupees per year or five lakh rupees per month.

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

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

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

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

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

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

and Protection Fund (IEPF).

REGISTRAR AND SHARE TRANSFER AGENT

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

GREEN INITIATIVES

Your Company started a sustainability initiative with the aim of going green and minimizing our impact on the environment. We are publishing only the statutory disclosures in the print version of Annual Report. Additional information is available on our website, www.pdsmultinational.com

Electronic copies of the Annual Report 2016-17 along with Notice of the 6th Annual General Meeting are sent to all members whose email addresses are registered with the Company/RTA/Depository Participant(s). For members who have not registered their email addresses, physical copies of Annual Report 2016-17 and Notice of 6th Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

ACKNOWLEDGEMENT

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

For and on behalf of the Board
PDS MULTINATIONAL FASHIONS LIMITED

(DEEPAK SETH)
DIRECTOR
DIN:00003021

(PAYEL SETH)
MANAGING DIRECTOR
DIN:00003035

Place: Gurgaon
Date: May 29, 2017

Annexure-I to the Directors' Report

Nomination and Remuneration Policy

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel** means

- 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
- 2.4.2. Whole-time director;
- 2.4.3. Chief Financial Officer;
- 2.4.4. Company Secretary; and
- 2.4.5. such other officer as may be prescribed.

2.5. **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors.

3. **Policy for appointment and removal of Director, KMP and Senior Management**

3.1. **Appointment criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2. **Term / Tenure**

- a) **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:**
 - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he / she shall be eligible for appointment for one more term of 5 years only.
 - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.3. **Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3.4. **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.5. **Retirement**

The KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. **Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

4.1. **General:**

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee or as per policies framed by the committee. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- c) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

4.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board or the Committee.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

4.3. Remuneration to Non- Executive / Independent Director:

a) Sitting Fees:

The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

5. MEMBERSHIP

5.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

5.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

5.3 Membership of the Committee shall be disclosed in the Annual Report.

5.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

6. CHAIRPERSON

6.1 Chairperson of the Committee shall be an Independent Director.

6.2 Chairperson of the Board may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

6.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

6.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

7. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

8. COMMITTEE MEMBERS' INTERESTS

8.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

8.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

9. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

10. VOTING

10.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

10.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

11. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

11.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

11.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

11.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.



- 11.4 Determining the appropriate size, diversity and composition of the Board;
- 11.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 11.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 11.7 Delegating any of its powers to one or more of its members or the Secretary of the Committee; and
- 11.8 Considering any other matters, as may be requested by the Board.

12. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- 12.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 12.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 12.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 12.4 to consider any other matters as may be requested by the Board.
- 12.5 Professional indemnity and liability insurance for Directors and senior management.

Annexure-II to the Directors' Report

Form No MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
PDS Multinational Fashions Limited
No. 758 & 759, 2nd Floor, 19th Main,
Sector-2, HSR Layout, Bangalore
Karnataka- 560102

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PDS Multinational Fashions Limited** (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification the **PDS Multinational Fashions Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **PDS Multinational Fashions Limited** ("the Company") for the financial year ended on 31st March, 2017, according to the provisions of:

- (i) **The Companies Act, 2013 (the Act) and the rules madethereunder;**
- (ii) **The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules madethereunder;**
- (iii) **The Depositories Act, 1996 and the Regulations and Bye-laws framedthereunder;**
- (iv) **Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;**
- (v) **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBIAct'):**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company During the Audit Period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable to the Company During the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company During the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company During the Audit Period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company During the Audit Period)**

(vi) No specific law applicable specifically to the company except those laws generally applicable to the size and nature of business of the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange (s) - BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in composition of the Board of Directors during the audit period.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that, the compliance by the company of the applicable financial laws, like direct and indirect tax laws, maintenance of financial records and books of accounts has not been reviewed in this audit, since the same have been subject to review by Statutory Financial Audit.

We further report that there are adequate systems and processes in the Company commensurate with the size and its operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For RHR & ASSOCIATES
R.Hariprasad Reddy
Practicing Company Secretary
FCS NO. 8477, CPNO. 15936

Place: Bangalore
Date: 22th May, 2017

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,
The Members
PDS Multinational Fashions Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RHR & ASSOCIATES
R.Hariprasad Reddy
Practicing Company Secretary
FCS NO. 8477, CPNO. 15936

Place: Bangalore
Date: 22th May, 2017

Annexure-III- Auditors' Certificate on Corporate Governance

To

The Members of PDS Multinational Fashions Limited

We have examined the compliance of conditions of Corporate Governance by PDS Multinational Fashions Limited for the year ended 31st March, 2017 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the Listing agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion an best to of our information an according to the explanations given to us, we certify that company has complied with the Conditions of Corporate Governance as stipulated in the provisions specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the Listing agreement of the said Company with Stock Exchanges.

We further stat that such compliance is neither an assurance as to the future viability of the Company not the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm's Registration Number 001478N/N500005

Sandeep Dinodia
Partner
Membership No. 083689

Place: New Delhi
Date: May 29, 2017

Annexure-V

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on 31st March, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	L18101KA2011PLC094125
2	Registration Date	6/4/2011
3	Name of the Company	PDS Multinational Fashions Ltd
4	Category/Sub-category of the Company	Public Limited Company
5	Address of the Registered office & contact details	No. 758 & 759, 2 nd Floor, 19 th Main, Sector-2, HSR Layout, Bangalore-560102 Tel: +91-80-67653000, E-mail: investors@pdsmultinational.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-1, New Delhi-110028, Contact Person: Mr. V. M. Joshi, General Manager, Tel: 011-41410592-94, Email: delhi@linkintime.co.in.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Accounting, book keeping and auditing activities; tax consultancy	692	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Multinational Textiles Limited	NA	Subsidiary	100	2(87)(ii)
2	Global Textiles Group Limited	NA	Subsidiary	100	2(87)(ii)
3	Casa Forma Limited	NA	Subsidiary	100	2(87)(ii)
4	PDS Asia Star Corporation Limited	NA	Subsidiary	60	2(87)(ii)
5	Simple Approach Limited	NA	Subsidiary	75	2(87)(ii)
6	Zamira Fashion Limited	NA	Subsidiary	67	2(87)(ii)
7	PG Group Limited	NA	Subsidiary	51	2(87)(ii)
8	Techno Design HK Limited (Formerly known as DPOD Manufacturing Limited)	NA	Subsidiary	55	2(87)(ii)
9	Norwest Industries Limited	F02587	Subsidiary	85	2(87)(ii)
10	Poeticgem International Limited	NA	Subsidiary	83	2(87)(ii)
11	SACB Holding Limited	NA	Subsidiary	51	2(87)(ii)
12	Multinational OSG Services Bangladesh Ltd.	NA	Subsidiary	97	2(87)(ii)
13	Nor Delhi Manufacturing Limited	NA	Subsidiary	100	2(87)(ii)
14	Techno Design GmbH	NA	Subsidiary	55	2(87)(ii)
15	Poetic Brands Limited	NA	Subsidiary	100	2(87)(ii)
16	Poeticgem Limited	NA	Subsidiary	100	2(87)(ii)
17	PDS Trading (Shanghai) Co. Ltd.	NA	Subsidiary	60	2(87)(ii)
18	Simple Approach (Canada) Limited	NA	Subsidiary	75	2(87)(ii)
19	Zamira Denim Lab Ltd.	NA	Subsidiary	67	2(87)(ii)
20	PG Home Group Limited	NA	Associate	45.9	2(6)
21	PG Shanghai MFG Co. Limited	NA	Subsidiary	51	2(87)(ii)
22	Poeticgem Australia limited (Formerly known as Gem Australia Manufacturing Company Limited)	NA	Subsidiary	85	2(87)(ii)
23	Sourcing Solutions Limited	NA	Associate	42.5	2(6)
24	Razamtazz Limited	NA	Subsidiary	85	2(87)(ii)
25	Krayon Sourcing Limited	NA	Subsidiary	68	2(87)(ii)
26	Design ARC Asia Limited (Formerly known as Nor France Manufacturing Co. Limited)	NA	Subsidiary	72.25	2(87)(ii)
27	Nor Lanka Manufacturing Limited	NA	Subsidiary	85	2(87)(ii)
28	Design ARC Europ Limited (Formerly known as Nor Europe Manufacturing Limited)	NA	Subsidiary	59.5	2(87)(ii)
29	Kleider Sourcing Hong Kong Limited	NA	Associate	43.35	2(6)
30	Kleider Sourcing Limited	NA	Associate	43.34	2(6)
31	Techno Manufacturing Co. Limited	NA	Subsidiary	85	2(87)(ii)
32	Nor India Manufacturing Co. Limited	NA	Subsidiary	85	2(87)(ii)
33	Spring Near East Manufacturing Co. Ltd.	NA	Subsidiary	55.25	2(87)(ii)
34	DS Manufacturing Limited (Formerly known as Desinged and Sourced Limited)	NA	Subsidiary	85	2(87)(ii)
35	FX Import Co. Limited	NA	Subsidiary	100	2(87)(ii)
36	Poetic Knitwear Limited	NA	Subsidiary	100	2(87)(ii)
37	Pacific Logistics Limited	NA	Subsidiary	100	2(87)(ii)

38	PG Home Group SPA	NA	Associate	45.9	2(6)
39	Zamira Fashion Limited (Zhongshan)	NA	Subsidiary	67	2(87)(ii)
40	Nor Lanka Manufacturing Colombo Limited	NA	Subsidiary	85	2(87)(ii)
41	Nor Europe SPA	NA	Subsidiary	59.5	2(87)(ii)
42	FX Import Hong Kong Limited	NA	Subsidiary	100	2(87)(ii)
43	MultiTech Venture Limited	NA	Subsidiary	100	2(87)(ii)
44	Progress Manufacturing Group Limited	NA	Subsidiary	100	2(87)(ii)
45	Progress Apparels (Bangladesh) Limited	NA	Subsidiary	99.99	2(87)(ii)
46	Redwood Internet Ventures Limited	NA	Associate	50	2(6)
47	Digital Internet Technologies Limited	NA	Associate	50	2(6)
48	Green Apparel Industries Limited	NA	Subsidiary	75	2(87)(ii)
49	Grupo Sourcing Limited (Hong Kong)	NA	Subsidiary	51	2(87)(ii)
50	JJ Star Industrial Limited	NA	Associate	48.88	2(87)(ii)
51	Twins Asia Limited	NA	Subsidiary	72.25	2(87)(ii)
52	Norlanka Progress Pvt. Limited	NA	Subsidiary	85	2(87)(ii)
53	Sure Investments Limited	NA	Subsidiary	100	2(87)(ii)
54	Casa Forma London Limited	NA	Subsidiary	100	2(87)(ii)
55	Blueprint Design Limited	NA	Subsidiary	100	2(87)(ii)
56	Design Arc UK Limited	NA	Subsidiary	85	2(87)(ii)
57	Grupo Sourcing Limited (Bangladesh)	NA	Subsidiary	50.99	2(87)(ii)
58	Fareast Vogue Limited	NA	Subsidiary	51	2(87)(ii)
59	PDS Far-east Limited	NA	Subsidiary	85	2(87)(ii)
60	Kindred Brands Limited	NA	Subsidiary	51	2(87)(ii)
61	Styleberry Limited	NA	Subsidiary	72.25	2(87)(ii)
62	PDS Global Investments Limited	NA	Subsidiary	85	2(87)(ii)
63	Green Smart Shirts Limited	NA	Subsidiary	74.98	2(87)(ii)
64	Digital Ecom Techno Private Limited	U52609KA-2016PTC094-215	Associate	50	2(6)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	13,875,279	-	13,875,279	53.27%	13,875,279	-	13,875,279	53.27%	0.00%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.	50,035	-	50,035	0.19%	50,035	-	50,035	0.19%	0.00%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (1)	13,925,314	-	13,925,314	53.46%	13,925,314	-	13,925,314	53.46%	0.00%

(2) Foreign									
a) NRI Individuals	3,434,572	-	3,434,572	13.19%	3,434,572	-	3,434,572	13.19%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (2)	3,434,572	-	3,434,572	13.19%	3,434,572	-	3,434,572	13.19%	0.00%
TOTAL (A)	17,359,886	-	17,359,886	66.65%	17,359,886	-	17,359,886	66.65%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,034,677	-	1,034,677	3.97%	1,034,677	-	1,034,677	3.97%	0.00%
b) Banks / FI	314,081	79	314,160	1.21%	494,973	79	495,052	1.90%	57.58%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance Companies	299,519	-	299,519	1.15%		-	-	0.00%	-100.00%
g) FIs	886,628	-	886,628	3.40%	886,628	-	886,628	3.40%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)				0.00%				0.00%	0.00%
Sub-total (B)(1):-	2,534,905	79	2,534,984	9.73%	2,416,278	79	2,416,357	9.28%	-4.68%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	349,239	1,033	350,272	1.34%	304,981	1,033	306,014	1.17%	-12.64%
ii) Overseas	0	-	0	0.00%	0	0	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,681,063	164685	1845748	7.09%	1,532,404	159622	1,692,026	6.50%	-8.33%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,833,913	-	2,833,913	10.88%	3,181,588	0	3,181,588	12.21%	12.27%
c) Others (specify)									
Non Resident Indians	109,668	28,542	138,210	0.53%	138,667	27824	166,491	0.64%	20.46%
Overseas Corporate Bodies		390,727	390,727	1.50%	-	390,727	390,727	1.50%	0.00%
Foreign Nationals				0.00%			-	0.00%	0.00%
Clearing Members	54,891	-	54,891	0.21%	105,609	0	105,609	0.41%	92.40%
Trusts	192	-	192	0.00%	192	0	192	0.00%	0.00%
Hindu Undivided Family	537,901	-	537,901	2.07%	4,278,34	0	427,834	1.64%	-20.46%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total (B)(2):-	5,566,867	584,987	6,151,854	23.62%	5,691,275	579,206	6,270,481	24.07%	1.93%
Total Public (B)	8,101,772	585,066	8,686,838	33.35%	8,107,553	579,285	8,686,838	33.35%	0.00%
C. Shares held by Custodian for GDRs & ADRs				0.00%				0.00%	0.00%
Grand Total (A+B+C)	25,461,658	585,066	26,046,724	100.00%	25,467,439	579,285	26,046,724	100.00%	0.00%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Payel Seth	13,875,242	53.27%	0.00%	13,875,242	53.27%	0.00%	0.00%
2	Mr. Deepak Seth	1,853,398	7.12%	0.00%	1,853,398	7.12%	0.00%	0.00%

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
3	Mr. Pallak Seth	1,581,174	6.07%	0.00%	1,581,174	6.07%	0.00%	0.00%
4	Mr. Pulkit Seth*	1	0.00%	0.00%	1	0.00%	0.00%	0.00%
5	Mrs. Shefali Seth	36	0.00%	0.00%	36	0.00%	0.00%	0.00%
6	Pearl Global Industries Limited	49,999	0.19%	0.00%	49,999	0.19%	0.00%	0.00%
7	Nim International Commercial LLP	36	0.00%	0.00%	36	0.00%	0.00%	0.00%

* As a Nominee Shareholders of Pearl Global Industries Limited

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	01.04.2016	-	17,359,886	66.65%	17,359,886	66.65%
	Changes during the year	-	-		0.00%		0.00%
	At the end of the year	31.03.2017	-	-	-	17,359,886	66.65%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Reliance Capital Trustee Co. Ltd.-A/C Reliance Mid & Small Cap Fund						
	At the beginning of the year	01.04.2016		1,034,677	3.97%	1,034,677	3.97%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	1,034,677	3.97%
2	Sanjiv Dhireshbhai Shah						
	At the beginning of the year	01.04.2016		724,385	2.78%	724,385	2.78%
	Changes during the year	01.04.2016	Transfer	(63)	0.00%	724,322	2.78%
		23.09.2016	Transfer	63	0.00%	724,385	2.78%
		30.09.2016	Transfer	343	0.00%	724,728	2.78%
		31.03.2017	Transfer	50,000	0.19%	774,728	2.97%
	At the end of the year	31.03.2017		-	0.00%	774,728	2.97%
3	LTS Investment Fund Limited						
	At the beginning of the year	01.04.2016		510,952	1.96%	510,952	1.96%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	510,952	1.96%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
4	Chetan Dhiresbhai Shah						
	At the beginning of the year	01.04.2016		147,393	0.57%	147,393	0.57%
	Changes during the year	16.12.2016	Transfer	2,895	0.01%	150,288	0.58%
		23.12.2016	Transfer	1,048	0.00%	151,336	0.58%
		30.12.2016	Transfer	1,811	0.01%	153,147	0.59%
		06.01.2017	Transfer	1,575	0.01%	154,722	0.59%
		13.01.2017	Transfer	1,620	0.01%	156,342	0.60%
		20.01.2017	Transfer	90	0.00%	156,432	0.60%
		27.01.2017	Transfer	548	0.00%	156,980	0.60%
		03.02.2017	Transfer	2,160	0.01%	159,140	0.61%
		10.02.2017	Transfer	5,162	0.02%	164,302	0.63%
		17.02.2017	Transfer	2,925	0.01%	167,227	0.64%
		24.02.2017	Transfer	2,677	0.01%	169,904	0.65%
		03.03.2017	Transfer	944	0.00%	170,848	0.66%
		10.03.2017	Transfer	1,759	0.01%	172,607	0.66%
		17.03.2017	Transfer	1,170	0.00%	173,777	0.67%
		24.03.2017	Transfer	302,336	1.16%	476,113	1.83%
	31.03.2017	Transfer	14,006	0.05%	490,119	1.88%	
	At the end of the year	31.03.2017		-	0.00%	490,119	1.88%
5	Lesing Mauritius Ltd.						
	At the beginning of the year	01.04.2016		390,727	1.50%	390,727	1.50%
	Changes during the year				0.00%	-	0.00%
	At the end of the year	31.03.2017			0.00%	390,727	1.50%
6	Premier Investment Fund Ltd.						
	At the beginning of the year	01.04.2016		375,676	1.44%	375,676	1.44%
	Changes during the year		Transfer	-	0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	375,676	1.44%
7	Life Insurance Corporation of India						
	At the beginning of the year	01.04.2016		299,519	1.15%	299,519	1.15%
	Changes during the year		Transfer		0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	299,519	1.15%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
8	Chetan D Shah HUF						
	At the beginning of the year	01.04.2016		346,879	1.33%	346,879	1.33%
	Changes during the year	08.04.2016	Transfer	215	0.00%	347,094	1.33%
		30.09.2016	Transfer	(17,499)	-0.07%	329,595	1.27%
		21.10.2016	Transfer	(2,000)	-0.01%	327,595	1.26%
		18.11.2016	Transfer	749	0.00%	328,344	1.26%
		16.12.2016	Transfer	10,381	0.04%	338,725	1.30%
		23.12.2016	Transfer	633	0.00%	339,358	1.30%
	At the end of the year	31.03.2017	Transfer	(84,258)	-0.32%	255,100	0.98%
9	Kalpesh B Patel						
	At the beginning of the year	01.04.2016		42,082	0.16%	42,082	0.16%
	Changes during the year	23.12.2016	Transfer	190,000	0.73%	232,082	0.89%
		10.03.2017	Transfer	(700)	0.00%	231,382	0.89%
	At the end of the year	31.03.2017		-	0.00%	231,382	0.89%
10	Mayur Mukundbhai Desai						
	At the beginning of the year	01.04.2016		194,389	0.75%	194,389	0.75%
	Changes during the year	14.10.2016	Transfer	(1,500)	-0.01%	192,889	0.74%
		21.10.2016	Transfer	(1,287)	0.00%	191,602	0.74%
	At the end of the year	31.03.2017	Transfer	(110)	0.00%	191,492	0.74%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Deepak Seth (Chairman)						
	At the beginning of the year	01.04.2016		1,853,398	7.12%	1,853,398	7.12%
	Changes during the year	-		-	-	-	0.00%
	At the end of the year	31.03.2017		1,853,398	7.12%	1,853,398	7.12%
2	Mr. Pallak Seth (Vice-Chariman)						
	At the beginning of the year	01.04.2016		1,581,174	6.07%	1,581,174	6.07%
	Changes during the year				0.00%	-	0.00%
	At the end of the year	31.03.2017		1,581,174	6.07%	1,581,174	6.07%
3	Mrs. Payel Seth (Managing Director)						
	At the beginning of the year	01.04.2016		13,875,242	53.27%	13,875,242	53.27%
	Changes during the year	-		-	-	-	0.00%
	At the end of the year	31.03.2017		13,875,242	53.27%	13,875,242	53.27%
4	Dr. A.P. Bhupatkar (Director)						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	-	0.00%

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
5	Mr. Ashok Kr. Sanghi (Director)						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	-			0.00%		0.00%
	At the end of the year	31.03.2017			0.00%	-	0.00%
6	Mr. Ashok Kr. Chhabra (Director)						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	-	0.00%
7	Omprakash Makam (Chief Financial Officer)						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31.03.2017		-	0.00%	-	0.00%
8	B. Chandra Sekhara Reddy (Company Secretary)						
	At the beginning of the year	01.04.2016		-	0.00%	-	0.00%
	Changes during the year		Transfer	1	0.00%	1	0.00%
	At the end of the year	31.03.2017		1	0.00%	1	0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,429,087.00	226,250,000.00		227,679,087.00
ii) Interest due but not paid				-
iii) Interest accrued but not due		4,738,336.00		4,738,336.00
Total (i+ii+iii)	1,429,087.00	230,988,336.00	-	232,417,423.00
Change in Indebtedness during the financial year				
* Addition	2,800,000.00	30,000,000.00		32,800,000.00
* Reduction	(1,189,831.00)	(13,750,000.00)		(14,939,831.00)
Net Change	1,610,169.00	16,250,000.00	-	17,860,169.00
Indebtedness at the end of the financial year				
i) Principal Amount	3,039,256.00	242,500,000.00		245,539,256.00
ii) Interest due but not paid				
iii) Interest accrued but not due		6,546,969.00		6,546,969.00
Total (i+ii+iii)	3,039,256.00	249,046,969.00	-	252,086,225.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name	Payel Seth		(Amount in ₹)
	Designation	Managing Director		
1	Gross salary	3,600,000		3,600,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-		-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-		-
2	Stock Option	-		-
3	Sweat Equity	-		-
4	Commission	-		-
	- as % of profit	-		-
	- others, specify	-		-
5	Others, please specify	-		-
	Total (A)	3,600,000.00		-
	Ceiling as per the Act			4,200,000.00

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total (Amount in ₹)
1	Independent Directors	Dr. A P Bhupatkar	Mr. Ashok Kr. Sanghi	Mr. Ashok Kr. Chhabra	
	Fee for attending board meetings	240,000.00	300,000.00	300,000.00	840,000.00
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	240,000.00	300,000.00	300,000.00	840,000.00
2	Other Non-Executive Directors	Mr. Deepak Seth	Mr. Pallak Seth		-
	Fee for attending board committee meetings	-	-		-
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	240,000.00	300,000.00	300,000.00	840,000.00
	Total Managerial Remuneration				840,000.00
	Overall Ceiling as per the Act				Sitting Fees paid is within the limits specified under the Companies Act, 2013

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total (Amount in ₹)
		Mr. Omprakash Makam	Mr. Chandra Kishore Jha*	Mr. B. Chandra Sekhara Reddy**	
	Name	Mr. Omprakash Makam	Mr. Chandra Kishore Jha*	Mr. B. Chandra Sekhara Reddy**	
	Designation	CFO	CS	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,219,808	425,781	2,390,121	11,035,710
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0	0	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	0	0	-
2	Stock Option	-	0	-	-
3	Sweat Equity	-	0	-	-
4	Commission	-	0	-	-
	- as % of profit	-	0	-	-
	- others, specify	-	0	-	-
5	Others, please specify	-	0	-	-
	Total	8,219,808	425,781	2,390,121	11,035,710

*Mr. Chandra Kishore Jha ceased to be Company Secretary & Key Managerial Personnel w.e.f. 29th Sept. 2016.

**Mr. B. Chandra Sekhara Reddy appointed as Company Secretary & Key Managerial Personnel w.e.f. 14th Nov. 2016.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	NIL	NIL	N.A	N.A
Punishment	Nil	NIL	NIL	N.A	N.A
Compounding	Nil	NIL	NIL	N.A	N.A
B. DIRECTORS					
Penalty	Nil	NIL	NIL	N.A	N.A
Punishment	Nil	NIL	NIL	N.A	N.A
Compounding	Nil	NIL	NIL	N.A	N.A
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	NIL	NIL	N.A	N.A
Punishment	Nil	NIL	NIL	N.A	N.A
Compounding	Nil	NIL	NIL	N.A	N.A

Annexure-IV to the Directors' Report

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures
(Information in respect of each subsidiary to be presented with amounts in ₹)

Part A-Subsidiaries														
Name of the subsidiary	Date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Reporting currency & Exchange rate as on the last date of financial year in the case of foreign subsidiaries.	Share capital	Reserves and surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Extent of share-holding
Multinational Textiles Limited	13/5/2014	NA	USD(USD=64.84 RS)	1,423,125,926	404,457,270	1,907,711,096	80,127,989	1,013,134,510	-	223,184,733	(8,641,680)	231,826,414	-	100%
Global Textiles Group Limited	13/5/2014	NA	USD(USD=64.84 RS)	298,534,327	1,407,522	307,731,307	47,789,458	170,455,408	-	(17,670,937)	-	(17,670,937)	-	100%
Casa Forma Limited	13/5/2014	NA	GBP(GBP=81.32 RS)	25,200,066	(61,377,426)	7,109,323	43,226,683	-	1,026,150	-	-	1,026,150	-	100%
PDS Asia Star Corporation Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	19,452,000	(131,011,035)	541,603,323	653,132,556	-	3,046,681,002	23,079,880	-	23,079,880	-	60%
Simple Approach Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	158,209,800	132,660,120	1,500,968,761	1,209,489,040	-	4,405,550,084	53,271,600	(9,526,995)	62,798,595	-	75%
Zamira Fashion Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	16,210,000	84,509,799	583,052,703	482,332,904	-	2,595,365,347	89,438,542	(15,894,831)	105,333,473	-	67%
PG Group Limited	13/5/2014	NA	USD(USD=64.84 RS)	64,840,000	87,439,009	238,082,689	85,803,679	-	1,507,111,717	47,992,702	11,420,658	36,569,044	54,465,600	51%
Techno Design HK Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	6,484,000	(20,815,746)	323,871,921	338,203,668	-	198,115,598	(18,800,221)	-	(18,800,221)	-	55%
Nowest Industries Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	271,889,267	2,742,258,213	8,743,705,479	5,729,548,998	1,414,237,292	26,827,885,257	366,492,791	(22,369,599)	368,862,391	480,687,089	85%
Poetigom International Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	648,400	(14,643,859)	909,206,453	923,201,912	-	3,584,766,775	24,826,256	-	24,826,256	32,420,000	83%
SACB Holding Limited	13/5/2014	NA	USD(USD=64.84 RS)	3,242,000	(5,181,138)	144,520,073	146,459,212	-	51,876,515	(996,590)	-	(996,590)	-	51%
Multinational OSG Services Bangladesh Ltd.	13/5/2014	NA	BDT(1BDT=0.8 RS)	14,533,026	(592,594)	13,954,501	14,070	-	(236,133)	-	-	(236,133)	-	97%
Nor Delhi Manufacturing Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	16,715,752	924,499	33,018,951	15,378,699	-	-	(445,354)	-	(445,354)	-	100%
Techno Design GmbH	13/5/2014	NA	EUR(EUR=69.35 RS)	8,982,923	(35,236,351)	174,738,776	201,092,403	-	369,263,620	15,905,204	-	15,905,204	-	55%
Poetic Brands Limited	15/1/2015	NA	GBP(GBP=81.32 RS)	4,923,625	(7,416,911)	34,374,904	46,868,190	-	45,109,659	(14,773,748)	-	(14,773,748)	-	100%
Poetigom Limited	13/5/2014	NA	GBP(GBP=81.32 RS)	5,639,241	865,664,979	1,102,986,695	231,082,473	351,396,123	601,090,293	13,703,171	(1,479,633)	15,183,004	-	100%
FX Import Co. Limited	13/5/2014	NA	GBP(GBP=81.32 RS)	3,256,334	(14,173,224)	63,907,835	74,824,725	83,725	54,931,291	137,875	-	137,875	-	100%
Poetic Knitwear Limited	13/5/2014	NA	GBP(GBP=81.32 RS)	9,216	(56,892,234)	206,834	57,091,852	-	(177,539)	-	-	(177,539)	-	100%
Pacific Logistics Limited	13/5/2014	NA	GBP(GBP=81.32 RS)	1,098,984	(31,404,367)	298,390	30,544,174	-	(982,876)	-	-	(982,876)	-	100%
FX Import Hong Kong Limited	13/5/2014	NA	HKD(HKD=8.36 RS)	83,725	22,562,204	103,176,304	80,532,375	-	726,800,402	(10,090,837)	-	(10,090,837)	-	100%
MultiTech Venture Limited	25/11/2015	NA	USD(USD=64.84 RS)	51,872,000	(1,876,331)	50,774,420	778,752	-	(1,434,382)	-	-	(1,434,382)	-	100%
Progress Manufacturing Group Limited	17/7/2015	NA	HKD(HKD=8.36 RS)	648,400	(38,447,459)	129,963,803	167,762,863	-	(37,947,117)	-	-	(37,947,117)	-	100%
Progress Apparels (Bangladesh) Limited	12/7/2015	NA	BDT(1BDT=0.8 RS)	3,402,285	(44,156,056)	80,325,337	121,078,497	-	(42,663,575)	-	-	(42,663,575)	-	99.975%
Green Apparel Industries Limited	15/3/2016	NA	HKD(HKD=8.36 RS)	12,968,000	(25,617,770)	194,354,451	207,004,221	-	39,150,929	(23,254,719)	-	(23,254,719)	-	75%
Sure Investments Limited	13/10/2016	NA	USD(USD=64.84 RS)	64	(429,629)	11,282	440,847	-	(429,629)	-	-	(429,629)	-	100%
Casa Forma London Limited	14/4/2016	NA	GBP(GBP=81.32 RS)	9,087,001	(8,556,183)	4,153,781	3,622,863	-	(7,925,059)	-	-	(7,925,059)	-	65%
Blueprint Design Limited	30/6/2016	NA	HKD(HKD=8.36 RS)	648,400	795,753	83,450,579	82,006,425	-	33,863,412	965,028	(168,767)	1,133,795	-	100%
Design Arc UK Limited	21/10/2016	NA	GBP(GBP=81.32 RS)	4,037,392	(2,207,639)	3,456,198	1,626,446	-	(2,331,581)	-	-	(2,331,581)	-	85%
Grupo Sourcing Limited	15/3/2016	NA	HKD(HKD=8.36 RS)	6,484,000	(9,142,620)	44,719,619	47,378,240	-	22,427,414	(8,920,693)	(65,024)	(8,955,688)	-	51%

Note: Dividend paid by foreign subsidiaries have been declared and paid during the financial year 2016-17

**Part B-Associate and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related
to Associate Companies and Joint Ventures**

Name of Associates or Joint Ventures (1)	Latest audited Balance Sheet Date (2)	Date on which the Associate or JV was associated or acquired (3)	Shares of Associate or Joint Ventures held by the company on the year end (4)		Description of how there is significant influence (5)	Reason why the associate/ Joint venture is not consolidated (6)	Networth attributable to shareholding as per latest audited Balance Sheet (7)	Profit or Loss for the year (8)	
			No.	Amount of Investment in Associates or Joint Venture				Extent of Holding (in percentage)	Considered in Consolidation
PG Home Group Limited	31/3/2017	13/5/2008	7,440,390	7,440,390	45.90	controlling interest is held by PG Group	11,122,847	9,102,563	-
Sourcing Solutions Limited	31/3/2017	12/3/2015	5,000	325,121	50.00	-	(47,872,163)	(17,484,405)	(17,484,405)
Kleider Sourcing Hong Kong Limited	31/3/2017	24/10/2013	4,335	281,081	43.35	Nonwest hold 51% hence consolidated	21,571,352	211,848,750	-
Kleider Sourcing Limited	31/3/2017	10/8/2014	5,628	365,987	43.34	Nonwest hold 50.98% hence consolidated	2,350,424	12,808,006	-
PG Home Group SPA	31/3/2017	31/7/2008	134,896	288,761	45.90	Controlling interest is held by the group	23,172,406	(4,274,152)	-
Redwood Internet Ventures Limited	31/3/2017	9/12/2015	5,000	324,200	50.00	Refer note 1	404,180	(324,200)	(90,517)
Digital Internet Technologies Limited	31/3/2017	25/2/2016	5,000	324,200	50.00	Refer note 1	(1,438,638)	-	(3,381,406)
Digital Ecom Techno Private Limited	31/3/2017	17/6/2016	1,000,306	10,003,065	50.00	Refer note 1	9,861,923	-	(282,284)

Note-1: Consolidated with Redwood and loss to the extent of investment considered

Annexure-VI to the Directors' Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

- Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable**
- Details of material contracts or arrangement or transactions at arm's length basis:

Sl. No.	Name of the related party	Nature of the relationship	Nature of Contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Value (Amount in Rs.)	Date of approval of the Board, if any	Amount paid as advances, if any
1	Multinational Textile Group Limited (MTGL)	Subsidiary	Sale of Services	01.04.2016 to 31.03.2017	Providing various corporate Services to MTGL and its subsidiaries	13,38,66,524	-	-
			Advance Received towards Services			18,80,80,995	-	-
			Closing Balance [Recoverable/ (Payable)]			(8,66,89,389)		

Annexure-VII to the Directors' Report

Details of the top 10 employees in terms of the remuneration drawn:

Sl. No.	Name of Employee	Designation	Educational qualification	Age	Experience (in years)	Date of Joining	Remuneration paid (Gross) (amount in Rs.)	Nature of Employment, Whether Constructual or otherwise	Last Employment	% of equity share held	Whether employee is relative of any Director or Manager
1	Mr. Sridhar Thiagarajan	Executive Director HR & Factory Compliance	B.E/MBA	52	25	01-Aug-2014	97,95,533	Permanent	Redcats Asia	0	NO
2	Mr. Omprakash Makam S. Setty	Group -CFO	CA, ICWAI	50	25	01-Jul-2012	82,19,808	Permanent	Levis India Pvt. Limited	0	NO
3	Mr. Swaminathan KN	Chief Technology Officer	ICWA	55	29	07-May-2015	72,78,399	Permanent	TVS Motors Limited	0	NO
4	Mr. Swaminathan Natarajan	Corporate Controller	CA, ICWAI	48	21	14-Jun-2012	48,90,622	Permanent	Norwest Industries Ltd. Hongkong	0	NO
5	Mr. Chandra Sekhara Reddy Battula	Company Secretary & Head-Legal	CS/LLB	43	18	12-Mar-2015	40,47,738	Permanent	Bharat Hotels Limited	0	NO
6	Mrs. Payal Seth	Managing Director	Graduation	59	25	01-Jan-2013	36,00,000	Permanent	Not Applicable	53.27	Yes*
7	Mr. Ankur Mehrotra	Corporate Controller	ICWA	43	18	15-Jan-2013	29,83,736	Permanent	Reid & Taylor India Ltd.	0	NO
8	Mr. Mohan G Gandhi	Manager - Accounts & Finance	B.com/ICAI	40	16	22-Apr-15	24,85,204	Permanent	GMR Group	0	NO
9	Mr. Rachana Patil	General Manager	B.com	45	24	01-Jul-15	24,53,403	Permanent	Kaufland India Liaison Office	0	NO
10	Mr. Nitin Narendra Sevak	Senior Manager- Internal Audit	B.com/ICAI	35	12	20-Jul-16	19,41,808	Permanent	Herbalife India Pvt Ld	0	NO

*Mr. Deepak Seth being husband and Mr. Pallak Seth being son are relatives of Mrs. Payal Seth.

Annexure-VIII to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

Your Company is into the business of trading of garments on wholesale basis and does not have manufacturing activity so it does not consume heavy electricity.

(i) **The steps taken or impact on conservation of energy:**

- Replaced old office electrical items like Air Conditions, fans with energy efficient ones.
- Other measures like placing focused lighting systems and reducing lights wherever not needed.
- Effective utilization of work station for energy conservation

(ii) **The steps taken by the Company for utilizing alternate sources of energy:**

The Company being into garment does not consume heavy electricity. Hence, presently Company is not exploring alternate source of energy.

(iii) **The Capital investment on energy conversation equipment: NIL**

B. TECHNOLOGY ABSORPTION

(i) **The efforts made towards technology absorption:**

The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(ii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

- | | | |
|---|---|------------------|
| a | The details of technology Imported | : Not Applicable |
| b | The year of Import | : Not Applicable |
| c | Has the technology been fully absorbed? | : Not Applicable |
| d | If not fully absorbed, areas where this has not taken place, and the reasons thereof; and | : Not Applicable |

(iii) **The expenditure incurred on Research & Development:**

(Rs. / Lacs)

Expenditure on R & D		2016-17	2015-16
a)		-	-
b)		-	-
c)	Total	Nil	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings

(Amount in Rs./Lac)

Particulars	2016-17	2015-16
Export of Services - FOB basis	1338.67	1188.36
Interest Income	-	-
IT/SAP Income	-	-
Total	1338.67	1188.36

Foreign Exchange Outgo

(Amount in Rs./Lac)

Particulars	2016-17	2015-16
Foreign Travelling	1.59	1.90
EDI Expenses	-	-
Others	-	-
Total	1.59	1.90

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to Values. Good governance practices stem from culture and mindset of the organization.

The Company has an unwavering commitment to uphold sound corporate governance standards and highest business conduct. Being a value driven organization, PDS Multinational Fashions Limited has always worked towards building trust with stakeholders based on the principles of corporate governance.

PDS Multinational Fashions Limited strives to foster a corporate culture in which high standard of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealing and shared by its Board of Directors, Management and employees. Over the years governance process and systems have been strengthened at PDS Multinational Fashions Limited. In addition to complying with the statutory requirements, effective governance system and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place.

Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Company in its endeavor towards the best Corporate Governance and to provide transparency has initiated various measures.

Your Company is committed to all its Customers, Suppliers, Employees, Banks and financial institutions, government

agencies and statutory authorities which are directly or indirectly concerned with the Company.

2. BOARD OF DIRECTORS

2.1 As on 31st March 2017, the Company's Board of Directors consists of 6 (Six) members. The Chairman of the Board is non-executive Promoter Director. The Board comprises of one Executive Director and Five non-executive Directors, of whom three are Independent Directors. The composition of the Board is in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All non-executive independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

2.2 None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2017 have been made by the Directors. Mr. Deepak Seth, Chairman, Mr. Pallak Seth, Vice- Chairman and Mrs. Payel Seth, Managing Director are relatives.

2.3 Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

Composition and Category of the Board as on 31st March, 2017 and their attendance in the Board and Annual General Meetings are as hereunder:

S. No.	Name of Director	Category	No. of outside Directorships*	No. of Committee		Attendance	
				Member	Chairman	Board Meetings	Annual General Meeting
1	Mr. Deepak Seth (DIN: 00003021)	Promoter, Non-Executive	2	3	--	2	Yes
2	Mr. Pallak Seth (DIN: 00003040)	Promoter, Non-Executive	--	--	--	1	No
3	Mrs. Payel Seth (DIN: 00003035)	Promoter, Executive	1	--	--	2	No
4	Dr. A.P.Bhupatkar (DIN: 00479727)	Non-executive Independent	--	2	1	3	Yes
5	Mr. Ashok Kumar Sanghi (DIN: 00011207)	Non-executive Independent	--	3	1	5	Yes
6	Mr. Ashok Kumar Chhabra (DIN: 06869497)	Non-executive Independent	--	3	1	5	Yes

*Foreign Companies, Bodies Corporate, Private Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose.

Mr. Deepak Seth, Chairman, Mr. Pallak Seth, Vice Chairman and Mrs. Payel Seth, Managing Director are relatives.

There is no Nominee or Institutional Directors on the Board of the Company. Independent Directors does not hold any shares of the Company.

During the financial year 2016-17, five (5) Board Meetings were held on 27th May 2016, 12th August 2016, 14th November 2016, 7th January 2017 and 13th February, 2017.

Mr. Deepak Seth, Chairman holds 1853398 equity shares (7.11%), Mr. Pallak Seth, Vice Chairman holds 1581174 equity shares (6.07%) and Mrs. Payel Seth, Managing Director holds 13875242 equity shares (53.27%) of the Company. No other Director holds any

equity share in the Company.

Details of familiarization programmes imparted to Independent Directors are disclosed at Company's website at <http://www.pdsmultinational.com>

Board Meeting and Procedures

The Board meets atleast once in a quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board Meetings are convened to address the specific needs of the Company. There is a structured manner in which the agenda items are prepared and presented. The Company Secretary in consultation with the Chairman prepares the detailed agenda for the meetings. All the agenda

items are backed by comprehensive agenda notes and relevant supporting papers containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and take informed decisions. The agenda and agenda notes are circulated to all the Directors well in advance, usually a week before the Meeting. In case of sensitive agenda matters, where it is not practical to circulate the relevant information as part of the agenda papers, the same is tabled at the meeting.

Further, the Board has complete access to all information with the company. The minimum information required to be made available to the Board under Regulations 17 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is followed by the Company.

Meeting of Independent Directors

The Independent Directors met once during financial year 2016-17 without the presence of Non-Independent Directors and the management; and discussed, inter-alia, on matters pertaining to evaluation of the performance of the Board as a whole, evaluation of the performance of the Chairman and Executive Director. They also assessed the quality, quantity and timeliness of flow of information between the management and the Board of Directors, which is necessary for the Board to effectively and reasonably perform their duties etc. The Independent Directors expressed satisfaction on the overall performance of the Directors and the Board as a whole.

3. COMMITTEES OF THE BOARD

In compliance with SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015, the Company has constituted various committees of the Board viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The role and composition of the aforesaid Committees, including the number of meetings held and the related attendance of the members are given below:

3.1 AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 177 of the Companies Act, 2013 and read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Audit Committee includes:-

- Overseeing financial reporting processes.
- Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- Discussion and review of periodic audit reports and
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Recommending the appointment, remuneration and removal of statutory auditors.
- Discussing with internal auditors any significant findings and follow up there on.
- Reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the Company's risk management policies / systems.
- Reviewing the financial statements and quarterly financial results.
- Reviewing Management discussion and analysis of financial condition and result of operations.
- Reviewing statement of significant related party transactions.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Scrutiny of inter-corporate loans and investments.

All the members of Audit Committee are Non-Executive Directors and the Chairman of the Committee is Independent Director. All the members of the committee possess financial/accounting expertise.

Composition, meeting and Attendance

The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. As on 31st March, 2017, the Audit Committee comprises of four members, of which three members, including the Chairman, are Independent Directors and one Member is a Non-Executive Director. The Company Secretary acts as a secretary to the Committee.

During the Financial Year 2016-17, four meetings of the Audit Committee were held on 27th May 2016, 12th August 2016, 14th November 2016 and 13th February 2017. The intervening gap between two Meetings did not exceed 120 days.

During the year 2016-17, the members of the Audit Committee and their attendance are as under:

Composition	Total no. of meeting held	No. of Meetings attended
Dr. A. P. Bhupatkar - Chairman	4	2
Mr. Deepak Seth - Member Director	4	2
Mr. Ashok Kumar Sanghi - Member Director	4	4
Mr. Ashok Kumar Chhabra - Member Director	4	4

3.2 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has been entrusted with role of formulating criteria for determining the qualifications, positive attributes and the independence of the Directors as well as identifying persons who may be appointed at senior management levels and also devising a policy on remuneration of Directors, Key Managerial Personnel and other senior employees.

Terms of Reference of the Nomination and Remuneration Committee includes:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan;

All the members of the Nomination and Remuneration Committee are Non Executive Independent Directors.

Composition, Meeting and Attendance

The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. As on 31st March, 2017, Committee comprises of three Non-Executive Directors, all of them including the Chairperson are Independent Directors. The Company Secretary acts as a secretary to the Committee.

A meeting of the Nomination and Remuneration Committee were held on 26th May, 2016, during the financial year 2016-17. Details of meeting of the members of Nomination and Remuneration Committee and their attendance are as under:

Composition	Total no. of meeting held	No. of Meetings attended
Mr. Ashok Kumar Sanghi - Chairman	1	1
Dr. A. P. Bhupatkar - Member Director	1	1
Mr. Ashok Kumar Chhabra - Member Director	1	1

REMUNERATION OF DIRECTORS

Details of remuneration paid to all the Directors for the year 2016-17 are as under:

(Amount in Rs.)

Name of the Director(s)	Mr. Deepak Seth	Mr. Payel Seth	Mr. Pallak Seth	Dr. A. P. Bhupatkar	Mr. Ashok Kumar Sanghi	Mr. Ashok Kumar Chhabra
Designation	Chairman	Managing Director	Director	Director	Director	Director
Salary	--	36,00,000	--	--	--	--
Benefits	--	--	--	--	--	--
HRA	--	--	--	--	--	--
SPL..Allowance	--	--	--	--	--	--
Medical	--	--	--	--	--	--
Bonus	--	--	--	--	--	--
Commission	--	--	--	--	--	--
Pension	--	--	--	--	--	--
Others (Provident Fund)	--	-	--	--	--	--
Break up of fixed components and Performance linked incentives with performance criteria	--	--	--	--	--	--
Performance Incentive	--	--	--	--	--	--
Service Contract	--	5 years	--	--	--	--
Notice Period, Severance fees	Nil	3 Months	Nil	Nil	Nil	Nil
Stock Options details (if any): Whether issued at discount. Period over which it is accrued and is exercisable	Nil	Nil	Nil	Nil	Nil	Nil
Sitting Fees	-	--	-	1,80,000	3,00,000	3,00,000
Total	-	36,00,000	-	1,80,000	3,00,000	3,00,000

A sitting fee of Rs. 60,000/- is payable to Independent Directors for attending each Board meeting. The Company does not pay any other commission or remuneration to its Directors. The Company has no policy of stock option, pension or severance fee for its Directors. Notice period of executive directors are as per Company policy, i.e. 3 months. The Company does not have any separate service contract with executive directors apart from Resolution of Board/shareholders.

3.3 STAKEHOLDER RELATIONSHIP COMMITTEE

The composition of Stakeholders' Relationship Committee is in conformity with the provisions of Companies Act, 2013 and Regulation 20 of the Listing Regulations. As on 31st March, 2017, the Committee comprises the below three members:

Mr. Ashok Kumar Chhabra	-	Chairman
Mr. Deepak Seth	-	Member
Mr. Ashok Kumar Sanghi	-	Member

The Chairman of the Committee is Non- Executive Independent Director.

Mr. B. Chandra Sekhara Reddy, Company Secretary, is the Compliance Officer of the Company.

Status of Shareholders Complaints during the year

Complaints at the beginning of the year. 1 st April 2016	Complaints received during the year. 1 st April 2016 – 31 st March 2017	Complaints settled during the year. 1 st April 2016 – 31 st March 2017	Complaints pending at the ending of the year. 31 st March 2017
NIL	2	2	NIL

4. GENERAL BODY MEETINGS

Location and time where last three Annual General Meetings were held:

Financial Year	Date	Time	Location
2013-14	26.09.2014	12.30 P.M.	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003
2014-15	22.09.2015	12.30 P.M.	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003
2015-16	28.09.2016	12.15 P.M.	Clarks Exotica, Swiss Town, Hollywood Junction, Sadahalli Post, Devanahalli Road, Bengaluru, Karnataka.

Detail of Special Resolutions Passed during last three Annual General Meetings:

Sl. No.	Particulars of Special Resolution	Date	Financial Year
1	NIL	28 th September 2016	2015-16
1	Payment of Remuneration to Mrs. Payel Seth (DIN: 00003035) Managing Director of the Company.	22 nd September, 2015	2014-15
1	Consider and approve appointment of Mrs. Payel Seth (DIN: 00003035) as Managing Director of the Company commencing from 1 st June, 2014 for a period of Five Years	26 th September, 2014	2013-14
2	Borrowing powers of the Board of Directors under section 180 (1) (c) of the Companies Act, 2013 not exceeding Rs. 500 Crores	26 th September, 2014	2013-14
3	Pursuant to Section 188 of the Companies Act, 2013 for entering into contract or arrangement with related parties. (Two (2) separate resolutions)	26 th September, 2014	2013-14

EXTRA-ORDINARY GENERAL MEETING

During the Financial Year 2016-17, no Extra-ordinary General Meeting was held.

POSTAL BALLOT

There was no Special Resolution passed through Postal Ballot during the financial year 2016-2017. None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

5. MEANS OF COMMUNICATION

- The quarterly results of the Company are published in leading and widely circulated English/Hindi National/ Regional Newspapers as per the requirements of the Listing Regulations with the Stock Exchanges. The results are also submits to the BSE Limited and National Stock Exchange of India Limited, through their online portal.
- The results normally published in Business Standard-all India Edition (English) and Hosadigantha (Kannada).
- The Company's Financial Results, Shareholding Pattern and official news releases are displayed on the Company's website www.pdsmultinational.com
- The Company quarterly updates the analysts, institutional investors, etc., through a formal presentation on its financials as well as other business developments.

6. GENERAL SHAREHOLDERS' INFORMATION

(i) Sixth Annual General Meeting is scheduled as under:-

Date: 27th September, 2017

Time: 12:15 PM

Venue: Clarks Exotica, Swiss Town, Hollywood Junction, Sadahalli Post, Devanahalli Road, Bengaluru - 562110, Karnataka, India

(ii) Financial year:

The financial year covers the period 1st April, 2016 to 31st March, 2017.

(iii) Financial Calendar, 2017-18 (Tentative)

First Quarter Results : Second week of September, 2017

Second Quarter & Half Yearly Results : Second week of December, 2017

Third Quarter Results : Second week of February, 2017

Fourth Quarter & Annual Results : Last week of May, 2017

(iv) Date of Book Closure : 21st September, 2017 to 27th September, 2017 (both days inclusive)

(v) Listing on Stock Exchanges and their Stock Code

Name of the Stock Exchanges, wherein shares of the Company are currently listed and their Scrip Code:

Stock Exchange	Scrip Code
BSE LIMITED 1 ST FLOOR, NEW TRADING RING , ROTUNDA BUILDING, P. J. TOWERS DALAL STREET, FORT, MUMBAI – 400 001 MUMBAI	538730
NATIONAL STOCK EXCHANGE OF INDIA LTD. "EXCHANGE PLAZA" PLOT NO. C- 1, G- BLOCK, BANDRA - KURLA COMPLEX, BANDRA (E), MUMBAI - 400 051	PDSMFL

The Annual Listing Fee for the financial year 2017-18 has been paid to the Stock Exchanges within stipulated time.

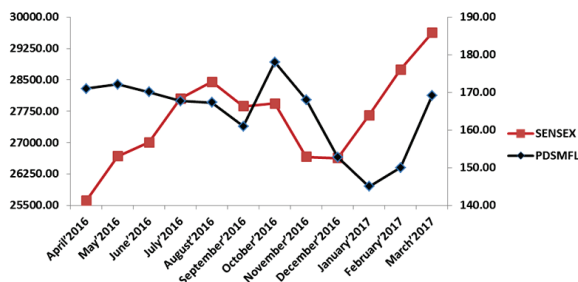
(vi) Market Price Data: High, Low during each month in financial year 2016-17:

MONTH(S)	BOMBAY STOCK EXCHANGE Company Code: 538730		NATIONAL STOCK EXCHANGE Company Code: PDSMFL	
	HIGH	LOW	HIGH	LOW
April'2016	184.00	171.00	210.00	158.45
May'2016	178.00	165.00	185.00	161.00
June'2016	180.00	168.50	188.30	169.00
July'2016	175.00	160.00	175.00	152.60
August'2016	187.00	165.00	189.45	167.00
September'2016	181.00	140.00	174.00	150.25
October'2016	185.00	155.00	183.00	139.40
November'2016	184.00	160.00	183.00	135.00
December'2016	168.00	136.00	169.90	144.00
January'2017	153.90	144.00	161.50	135.95
February'2017	155.00	131.00	155.00	141.00
March'2017	194.00	140.25	194.00	140.25

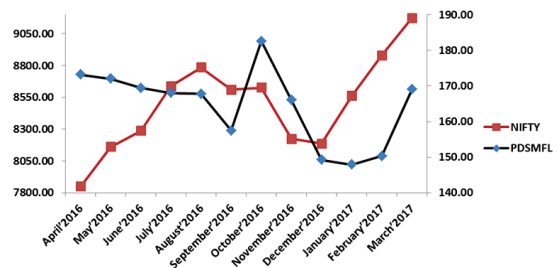
(vii) Share price performance in comparison to BSE Sensex and NSE Nifty:

MONTH(S) (As on end of last trading day of the month)	SHARE PRICES COMPARISON			
	PDSMFL	BSE (Sensex)	PDSMFL	NSE (Nifty)
April'2016	171.00	25606.62	173.20	7849.80
May'2016	172.15	26667.96	172.00	8160.10
June'2016	170.05	26999.72	169.45	8287.75
July'2016	167.70	28051.86	168.05	8638.50
August'2016	167.25	28452.17	167.80	8786.20
September'2016	161.00	27865.96	157.50	8611.15
October'2016	178.00	27930.21	182.60	8625.70
November'2016	168.00	26652.81	166.00	8224.50
December'2016	152.80	26626.46	149.25	8185.80
January'2017	145.00	27655.96	147.90	8561.30
February'2017	150.00	28743.32	150.30	8879.60
March'2017	169.05	29620.50	169.00	9173.75

(a) Comparison of the Company's share price with BSE Sensex



(b) Comparison of the Company's share price with NSE Nifty



(viii) Registrar and Share Transfer Agent

Link Intime India Pvt. Limited
44, Community Centre, 2nd Floor,
Naraina Industrial Area,
Phase - I, Near PVR Naraina
New Delhi - 110 028.
Tel. No. : 011 - 41410592 - 94
Fax No. : 011 - 41410591
E-mail : delhi@linkintime.co.in

(ix) Share Transfer System

The Company's shares being in compulsory demat form are transferable through the depository system. The Shares in physical form are processed by the Registrar and Share Transfer Agent and approved by the Stakeholder Relationship Committee.

(x) Distribution Schedule

(a) Distribution of Equity Shareholding of the Company as on 31st March 2017

Number of Equity Shares * held	Shareholders		Equity shares held	
	Numbers	% to total	Numbers	% to total
1 - 500	17760	97.1926	1310855	5.0327
501 - 1000	270	1.4776	190040	0.7296
1001 - 2000	86	0.4706	115500	0.4434
2001 - 3000	34	0.1861	83762	0.3216
3001 - 4000	17	0.0930	57646	0.2213
4001 - 5000	10	0.0547	45233	0.1737
5001 - 10000	28	0.1532	190631	0.7319
10001 and above	68	0.3721	24053057	92.3458
Total	18273	100	26046724	100

(b) Categories of Shareholders as on 31st March 2017

	No. of Folio's	No. of Shares Held*	% to total Shares
PROMOTERS & PROMOTER GROUP			
Indian	4	13875279	53.27
Body Corporate	2	50035	0.19
Foreign	5	3434572	13.19
TOTAL (A)	11	17359886	66.65
PUBLIC			
Mutual Funds/Foreign Portfolio Investors	3	1921305	7.38
Financial Institutions/Banks	6	495052	1.90

	No. of Folio's	No. of Shares Held*	% to total Shares
NRI's/Foreign Companies	159	557218	2.14
Bodies Corporate	154	306014	1.17
Individual	17211	4873614	18.71
Hindu Undivided Family	677	427834	1.64
Trusts	1	192	0.00
Clearing Members	51	105609	0.41
TOTAL (B)	18262	8686838	33.35
TOTAL (A) + (B)	18273	26046724	100

* Equity Share of the face value of Rs.10/- each.

(xi) Dematerialization of Shares and liquidity

The Company's shares are tradable compulsorily in the electronic form. Through Link Intime India Private Limited, Registrars and Share Transfer Agents, we have established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is **INE111Q01013**.

As on March 31, 2017, 97.78 % of our shares were held in dematerialized form and the rest in physical form.

Shares held in demat and physical modes as on March 31, 2017 are as follows:

Category	Shareholders	Shares	% of total equity
Demat Mode			
NSDL	11119	22612575	86.82%
CDSL	5331	2854864	10.96%
Total	16450	25467439	97.78
Physical Mode	1823	579285	2.22%
Grand total	18273	26046724	100%

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with the respective depository participants.

(xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants etc. till date.

(xiii) Plant locations:

The Company doesn't have plant till date

(xiv) Registered Office of the Company:

No. 758 & 759, 19th Main, Sector-2, HSR Layout, Bengaluru-560102, Karnataka

In case of any Complaint, Investors can contact Compliance Officer:

Mr. B. Chandra Sekhara Reddy
Company Secretary
PDS Multinational Fashions Limited
No. 758 & 759, 19th Main, Sector-2, HSR Layout, Bengaluru-560102, Karnataka
Tel. No. : 91 - 080 – 67653000
Email : investors@pdsmultinational.com

7. UNCLAIMED SHARES AND SALE PROCEEDS OF FRACTIONAL SHARES:

a) Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account

In terms of the schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the details of unclaimed shares lying in suspense account which were issued to the Shareholders of the Pearl Global Industries Limited in pursuant to Scheme Arrangement approved by the Hon'ble High Court of Delhi are given below:

Particulars	No. of cases	No. of Shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2016.	20	504
Number of shareholders who approached to the Issuer / Registrar for transfer of shares from suspense account during the Financial Year 2016-17.	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2016-17	Nil	Nil
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2017.	20	504

The voting rights on the shares in the suspense account as on March 31, 2017 shall remain frozen till the rightful owners of such shares claim the shares. The Company sends periodic reminders to the concerned shareholders advising them to lodge their claims with respect to unclaimed shares.

Further, the complete details of unclaimed shares lying in the suspense account has been uploaded on company's website www.pdsmultinational.com.

b) Unclaimed sale proceeds of fractional shares

It has been noticed by the Company that the some shareholders have not encashed/presented for payment their demand drafts issued with respect to the payment of sale proceeds of fractional shares. Since due date for presenting demand drafts expired, Shareholders are requested to write either to Company or RTA enclosing expired Demand Draft for issue of fresh Demand Draft.

It has been also noticed by the Company that few shareholders have approached to the Company/RTA for revalidation of their stale demand draft and the fresh demand draft were issued by the Bank in their favour. A list of shareholders who have not encashed their demand draft is available at the Company's website www.pdsmultinational.com. It is further informed to the shareholder pursuant the provisions of the Investor Education Protection Fund Authority Rules, 2016, any unclaimed amount lying with the Company shall be credited to the Investor Education Protection Fund after the expiry of seven years.

8. OTHER DISCLOSURES

a) There had been no materially significant related party transaction that might have potential conflict with the interests of the Company at large. Transactions with



related parties are disclosed in Note no. 23 of Notes to Financial Statement in the Annual Report.

- b) There has been no non-compliance, penalties/strictures imposed on the company by Stock Exchange(s) or SEBI or any other Statutory Authority, on any matter related to capital markets, during the last three years.
- c) The Company has a Whistle Blower Policy and Vigil Mechanism. No personnel of the Company have been denied access to the Audit Committee.
- d) The Company has complied with all the mandatory requirements including Regulations 17 to 27 and 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e) The Company has also ensured the implementation of non-mandatory items such as:
 - o Separate post of Chairman and CEO or MD.
 - o Unmodified audit opinion /reporting
- f) Policy for determining 'material' subsidiaries is disclosed at Company's website at <http://www.pdsmultinational.com>
- g) Policy on dealing with related party transactions is disclosed at Company's website at <http://www.pdsmultinational.com>

COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted a "Code of Conduct for the Directors and Senior Management". The Code is available on the official website of the Company www.pdsmultinational.com.

It is hereby affirmed that the Directors and Senior Management have given an annual affirmation of compliance with the code of conduct

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

As required under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' certificate on corporate governance is annexed to this report.

CEO/CFO CERTIFICATION

The Managing Director and Chief financial Officer have certified to the Board, *inter alia*, the accuracy of financial statements and

adequacy of Internal Controls for the financial reporting purpose as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the MD and CFO certification is annexed to this Report.

Electronic Clearing Service (ECS)

SEBI had vide its Circular No. DCC/FITTCIR-3/2001 dated October 15, 2001 advised that all companies should mandatorily use ECS facility wherever available. In the absence of ECS facility, companies may use warrants for distributing the dividends and vide its Circular No. D&CC/FITTCIR-04/2001 dated November 13, 2001 had advised companies to mandatorily print the Bank Account details furnished by the Depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository account, may notify their DPs about any change in the Bank Account details.

Depository Services

For guidance on depository services, shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.

Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai-400013
Telephone : 022-24994200
Facsimile : 022-24972993
E-Mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street, Mumbai-400023
Telephone : 022-22723333/3224
Facsimile : 022-22723199
E-Mail : investors@cdslindia.com
Website : www.cdslindia.com

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCE OFFICER

(Compliance Certificate under Regulation 17 (8) of Listing Regulations, 2015)

To
The Board of Directors

We, Payel Seth, Managing Director and Omprakash M.S. Setty, Chief Financial Officer of PDS Multinational Fashions Limited to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statements and the Cash Flow Statement for the year ended 31st March, 2017 and to best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We also certify that to the best of our knowledge and belief, there are no transactions entered into by PDS Multinational Fashions Limited during the year, which are fraudulent, illegal or violate of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- 1) Significant changes, if any, in internal control over financial reporting during the year.
 - 2) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- E. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report

(Payel Seth)
Managing Director
DIN: 00003035

(Omprakash M.S. Setty)
Chief Financial Officer

Place: Gurgaon
Date: May 29, 2017

Declaration of Compliance with Code of Conduct of Board of Directors and Senior Management

This is to certify that as per the provisions of Regulation 26 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2017.

For PDS Multinational Fashions Limited

(Payel Seth)
Managing Director
DIN: 00003035

Place: Gurgaon
Date: May 29, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The global economy witnessed yet another year of greater uncertainty and sluggish growth shortfalls in 2017. Feeble international trade, subdued pace of investment and higher political volatility translated into a low growth number of an estimated 2.3%, the weakest global economic growth since 2009.

Across the advanced economies, the unexpected Brexit vote in the UK, economic and geopolitical proposals in the US, and the upcoming key elections in the Euro Area, against a backdrop of prolonged citizen unrest, further heightened global uncertainty. Furthermore, a persistent deflationary environment, subdued global trade and volatility in the world's major currencies, especially European and Asian, translated into a bleak outlook for business activity and consumer confidence. This weighed down upon the global retail industry performance, which remained muted during the year.

During the period, commodity prices, however, saw a modest recovery. Among Emerging economies, growth in commodity importers remained solid, while growth in commodity exporters is expected to gain pace in 2017.

According to the latest projections by the World Bank, the global economic growth is likely to pick up to 2.7 percent in 2017, mainly reflecting a recovery in emerging market and developing economies, galvanized by strong policy support in China and easing recessions in many commodity producers. In the United States, mild recovery in manufacturing output along with some economic proposals of President-elect Donald Trump has helped rebound positive growth expectations. While the growth prospects in the United Kingdom have moderated post Brexit, the Euro Area and Japan are seeing supportive monetary policies that will help propel business activity growth, going ahead. Overall, both cyclical and structural policies will have to play lead roles to spur growth in this challenging environment.

INDIAN ECONOMY

Fiscal 2017 turned out to be an eventful year for the domestic market, marked by key structural developments aimed at preserving macro-economic stability and increased fiscal discipline. Developments such as the passage of the Goods and Services Tax (GST) in the parliament, strong fiscal consolidation steps undertaken by the central government and the demonetization drive to consolidate the Indian Economy, amongst other such steps has helped drive recovery and consumption-led growth. With annual growth rates projected at 7.5% in 2017-18, India is the fastest-growing G20 economy and the world's third largest economy in purchasing power parity terms.

In November, the cabinet's move to remove high denomination rupee notes took a large volume of India's circulating cash out of the economy, which led to a tight liquidity squeeze and resulted in temporary negative effect on the economic growth and consumer demand. This along with a distressed financial sector and uncertainty in global environment downplayed the market sentiment during the period.

While there is a strong yearning from the Indian Government to crackdown on the black economy, there is also encouragement that the foundation of India is being strengthened. The ongoing revolutionary GST and subsidy reforms are promising and will help aid investment and business activity in the medium-to-longer term. Furthermore, increases in spending on rural areas, affordable housing, health, transport and water infrastructure is translating to a more inclusive and holistic growth architecture across the economy.

PDS GROUP PERFORMANCE

The economic environment continued to be challenging during the fiscal 2017. Material slowdown in advanced economies, high level of deficit in emerging and developing countries, further fueled by continuous deflationary background and troubled credit markets led to lower demand and consumer confidence, thus adversely impacting the global retail sector.

In an environment marked by volatility and tough demand conditions, PDS Group delivered a steady operating and financial performance. Total net revenues during the fiscal stood at Rs. 4631 crore, higher by 7.5% Y-o-Y. Total net profit during the fiscal stood at Rs. 38.4 crore, lower by -11% on a Y-o-Y basis. Established business saw a steady growth trend, driven by a combination of enhanced manufacturing capabilities, expanding reach to newer suppliers and a solid reference base. Strong focus on the design capabilities and market intelligence continued to fuel growth across the core and new business verticals. In a soft retail environment, new emerging businesses gained pace during the year. The Apparel & accessories segment contributed 99% to the total revenues, followed by Home Product segment at 1%. Volatility in raw material and commodity prices combined with inflation & rising labour costs during the year resulted in higher material costs, which stood at Rs. 4004 crore as against Rs. 3698 crore in FY16, registering an increase of 8.26% over last year.

Despite growing pricing pressures across key markets of Europe, UK and Asia, the business recorded healthy gains across geographies. 2% of the total revenues came in from new account acquisitions, whereas the remaining 98% of revenues flowed in through repeat customers during the year. Leveraging its financial strength, PDS Group was able to provide for longer payment terms to customers as long as they secured insurance, which helped enhance volume and market share amid a tough credit market. Customer additions during the fiscal stood at 16 as against 23 in the previous fiscal.

Today, PDS's customer profile includes leading brands and retailers in the value to mid-market sector across markets. PDS Group is further building its footprint in the high-potential geographies of Australia, Canada, the US, LATAM and the Middle East, while also deep rooting its presence in the established markets of UK and Europe. During the year, the UK business amounted to 65% of the total revenues, followed by European business at 22.5% and rest of the World at 12.5%, respectively.

PDS Group's network of partner factories remains strong. Currently, PDS works with large number of factories that help deliver over 1 million units a day across an ever-growing 200+ retail customers. The network ensures smooth flow of operations across the entire supply chain, while also guaranteeing a higher customer satisfaction rate.

The team continues to place sharpened focus on the strategic initiatives to create a set of new growth vectors for the future. In sync with this strategy, PDS Group marked its entry into the 'Own Manufacturing Business' segment with the launch of two state-of-the-art manufacturing facilities in Bangladesh under Progress Group and Green Smart Shirts (GSS) Group.

The facilities are strategically located close to demand hubs in Bangladesh, aimed at further optimizing the visibility and consumption of the brand. The Progress Group factory is spread across 400,000 square feet of facility area at Adamjee Export Processing Zone near Dhaka and will be operating 2,500 machines across 50 lines to produce Woven-School wear, Formal trouser, Chino, Denim Jeans. The facility will be fully operational by April 2018, with an expected throughput of 15 million units a year at full capacity.

Under Green Smart Shirts (GSS) Group, the factory will be spread across 250,000 sqft of space and will operate 1,500 machines and 30

lines producing formal and casual shirts for men, women's blouses and shirts for boys and girls. The upcoming dedicated 'Accord and Alliance'-compliant and LEED-certified green manufacturing factories in Bangladesh are among the top 50 in the country in terms of infrastructure. These new ventures will help consolidate the brand profile as a manufacturing and sourcing one-stop-shop firm, while also increasing company reach to newer geographies and markets.

The year saw many a notable developments on the operational front. Another such development was PDS Group's entry into a new Technology business vertical to develop and offer cloud-based software and mobile applications in HRM. PDS Group has set up a development center in India, working on a cloud-based HRM solution & application for SMBs. This business continues to track well as per internal objectives.

In-line with the operational scale-up, PDS Group continues to invest in skilled manpower, which translated into higher employee cost of Rs. 260 crore. PDS Group operates a Design Hub in the UK, which is supported by over 150 highly qualified in-house designers and product development teams across geographies that develop over 10,000 new styles every month.

Our Compliance and Ethical Sourcing practices and standards are the building blocks of our business' success that uphold and protect the health, safety and human rights of our partners and associates. PDS' network of factories is audited every three to six months, ensuring highest level of transparency and social compliance in the supply chain system. The vast retail customer base is attended by dedicated teams across an array of operations of Sourcing, Manufacturing and Design & Development to deliver premium quality and confidentiality in services. Further, in an order to mitigate the inventory risk associated with the business model, PDS Group ensures that certain checkpoints are met before commencing order production, which essentially includes pre-selling all orders before processing production, securing credit payment terms and partnering with only AAA+ rated customers.

On the balance sheet front, the fiscal saw stable net worth, healthy capital structure and better receivable management during the year. PDS Group continued to enjoy a healthy cash position at Rs. 248 crore as on March 31, 2017. Total debt during the year stood at Rs. 484 crore, with long-term debt at Rs. 38 crore and short-term debt at Rs. 446 crore. The receivables position during the fiscal stood at Rs. 728 crore. Long-term debt-to-equity position was healthy at 1.94 as against 1.87 as on March 31, 2016. Net worth during the year stood at Rs. 539.87 crores as against Rs. 545.02 crore in previous year.

As we look ahead, broader market challenges will continue to affect some of the international markets that we are present in, which could pose some challenges to the business. Nonetheless, the opportunities across markets are tremendous and the team continues to leverage its solid business model, strong balance sheet, stellar brand equity and industry-leading compliance policy to fuel the next leg of growth for PDS Multinational. The manufacturing initiative of PDS Group is aimed at further strengthening our brand reach and will enable us to perform better in the longer term.

An analysis of the Strengths, Weaknesses, Opportunities and Threats that your Company faces is possibly the best way to discuss your Company's business operations

STRENGTHS

Brand Saliency

PDS Multinational Fashions is a leading global strategic manufacturing partner to major brands and retailers that operates a vast global network covering over 31 offices, 18 countries and over 2,500 employees across UK, Europe, Americas and Asia. Since its inception three decades ago, PDS Group has grown leaps and bounds and has covered several milestones in its journey. Today, the brand is synonymous with premium quality of goods,

utmost transparency of service and reliability of operations. The brand salience, diverse product range along with our niche product development and design capabilities allows to take up the ante in terms of reach and competitiveness of the brand.

Own Manufacturing Venture

PDS Group has recently forayed into its own manufacturing division by establishing two factories in Bangladesh. In-house manufacturing adds incremental value at each step of the product development cycle and helps address specific requirements of the customer. High quality control, in-depth knowledge of the end-to-end process and better operational efficiency enables quicker responses to customer feedback and product layout changes. The venture will also facilitate expansion and better penetration in the US markets.

Aristocratic management, the driving force behind Company operations

A strong management team comprising of promoter family and senior professionals with an extensive experience in design, manufacturing, sourcing and distribution for leading retailers across the world. PDS Group also supports a wide network of partner factories that run their own business units within the cultural and financial framework of the group. The team offers multiple years of expertise and skill set to offer the client base the best quality service.

Integrated Distribution Capabilities

PDS Group has an expansive distribution network across key sourcing geographies such as Bangladesh, Cambodia, China, India, Morocco, Myanmar, Pakistan, Sri Lanka, and Turkey. PDS Group also enjoys long-term and exclusive agreements with few of its distributors for sourcing purpose. Established contracts with premium and high-quality suppliers helps mitigate price volatility risk. The established and growing network offer a series of benefits such as multiple touch points, business scale, brand reach and elevation of business capabilities. Additionally, PDS Group's strong focus towards enhancing its manufacturing capabilities is also expected to improve the sourcing business arm.

Deep Expertise

As one of the leading and widely chosen global sourcing agent, PDS offers a host of benefits to its clients comprising of high-end retailers and brands. PDS on the back of a strong balance sheet and proven pedigree over several years has in place large limits with several banks in the geographies wherein it operates. Despite a dreary macro-economic outlook, PDS Group's investors, partners, bankers remain very confident on the business prospects, a mere function of PDS Group's high standard of operations and unparalleled balance sheet profile.

WEAKNESSES

Strong Presence in Established Markets

PDS enjoys a solid market share in the regions of Europe and UK regions over 90% of revenues came from the established markets. PDS Group recognizes the need to diversify its market share and has implemented steps to improve revenue contribution from the 'Growing Markets' segment. PDS Group has also been building its presence in other untapped markets of Asia, Australia and Middle East by strengthening its distribution network and augmenting brand awareness activities. The Growing market revenue contribution vis-à-vis Company's total revenue contribution improved to 7.5% in FY17. Revenues from Europe and UK will continue to expand but the focus will be on improving the contribution of other regions.

Capacity Expansion

PDS Group fastened its business pace during the year by establishing its manufacturing business capabilities. PDS Group set-up new dedicated factories in Bangladesh under Progress Group and Green Smart Shirts (GSS) Group. PDS Group will be building

manufacturing facilities as per green environmental norms - Accord & Alliance' and LEED-certified. While doing so, PDS Group will have to undertake investments to appropriately set up factories for a long-term presence. These upfront investments, the benefit of which will accrue over the next several years, will have an impact on the balance sheet. We expect the factories to be operational by FY2017-18.

Business Seasonality

The industry experiences seasonal demand wherein sales volumes are typically higher in the second half of the year. A clear spike is observed at the time of late autumn holiday and Christmas shopping season. To prepare for seasonal sales, our team supplies products to customers well in advance to ensure they reach customers in a timely manner. This usually translates to higher operating costs in the first half of the year. Like with any industry player, it is always challenging to correctly estimate and prepare for demand at a specific time of the year. Overestimation leads to overstocking while underestimation of demand leads to loss of potential revenue.

OPPORTUNITIES

Heterogeneous Markets

With growing population, the consumption pattern across global markets is seeing a dynamic shift. Every market is showing a different and varied consumption pattern marked by changing lifestyle standards, purchasing preferences and buying trends in the last two decades. This requires a high degree of customization and eye-to-detail. Increasing consumerism, emerging lifestyles, rising incomes, a younger set of consumers and a clear shift in buyer mindsets have driven higher consumption of branded products. This bodes well for PDS Multinational Fashions.

Underserved Emerging Markets

There exists a growth differential between the advanced and emerging economies in terms of fast-rising consumer spend patterns. Although the advanced economies are seeing a steady revival in consumption, the Emerging markets are expected to see spectacular growth, both in regard to new shoppers and per capita spending. PDS Multinational Fashions has been constantly augmenting its distribution spread to other promising markets like Brazil, India, Pakistan, Middle Eastern Countries and the LATAM region, which will also improve our market share within existing and new customers.

A range of scalable businesses

Your Company's strategy of encouraging entrepreneurship and creating a facilitating environment for businesses to grow means that at any given time there are several high potential opportunities. These businesses enter the PDS fold post a detailed evaluation and deciding on targets in conjunction with the business leader. As in any business case, there is possibility of failure; however the potential of our business leaders, the close scrutiny and initial assessment conducted and the highly enabling environment and infrastructure all make us optimistic about the future.

Mature Businesses showing results

Several of our businesses are presently less than 2 years old in a growth phase. Our experience has shown in line with our strategy, post completion of 24 months, businesses achieve stability and deliver strong growth and profitability on a sustained basis. As many of our growth businesses cross the two year hurdle, your Company can be expected to show improved profitable growth.

THREATS

Cyclical Nature of the Industry

The apparel industry is cyclical in nature. Factors such as disposable incomes, consumer spending, shifting consumption patterns, inflation and changes in fashion trends continue to play a significant

role in the performance of the industry. Uneven economic conditions and uncertain economic prospects can lead to increased volatility in the sector.

Current Market Conditions

PDS Group's operational and financial performance significantly relies on the global economic conditions. Currently, the economy continues to be overshadowed by the growing uncertainties and geopolitical risks across advanced and emerging market places. Uncertainty about worldwide economy poses a risk as consumers and brands postpone their spending due to factors such as lower disposable incomes, unemployment, declines in income, financial market volatility amongst others.

OUTLOOK

There is a slow yet steady uptick in retail trends across geographies and PDS is well positioned to take advantage of a healthier macro environment and consumer confidence. Although, there are some ongoing challenging conditions, we at PDS remain cautiously optimistic about the prospects for our established and growth business segments across markets.

Our strategic growth levers allow us to capitalize upon a skew of high potential opportunities across newer marketplaces by establishing brand connect with new customer accounts, and enhancing dynamism of the operations. This, combined with improving scalability of our business model and solid domain expertise will enable us to drive high performance and margin expansion, going ahead.

As one of the leading high street firms in global supply chain management, PDS Group is positively yet cautiously expanding its business to newer heights. While the next phase of growth is its new manufacturing initiative, PDS Group is also focusing on strengthening its established sourcing operations. PDS, currently, enjoys a wide network of over 1,000 suppliers in high-potential markets across the globe. We are further leveraging our presence in the established markets of UK, Europe and some parts of Asia to further strengthen our brand reach in the segment. In addition, we are broadening our footprint in under penetrated markets such as the Middle East, Brazil, Pakistan, Russia, India, Mexico and Australia.

As we look ahead, we want to continue to improve our market share and deliver healthy growth. Scaling up our manufacturing venture is a key area of focus for us and we look forward to robust contribution from our own manufacturing segment in the coming year. As the factories gear up for launches, PDS Group hopes to improve both the brand connect and the level of financials in the coming fiscal.

We take immense pride in developing a healthy and agile work culture, which will help attract, and develop the best talent for PDS Group. Our focus remains on collaborating and associating with highly experienced people that bring great amount of value addition to the business model, thus enabling PDS Group to balance excellence in entrepreneurship with growth.

Overall, PDS Group delivered a reasonably satisfactory performance in FY17 across geographies and business segments, despite macro economic challenges. We continue to report healthy progress across our operational agendas and key strategic benchmarks to underpin a strong business momentum in the coming future. The fundamentals of PDS Group remains rock solid and we believe, the pro-growth initiatives undertaken by us in the last few quarters, will also augment business benefits in the near term. We look forward to posting healthy performance in the years ahead.

Independent Auditor's Report

To the Members of PDS Multinational Fashions Limited

Report on the Consolidated Financial Statement

We have audited the accompanying consolidated financial statements of **PDS Multinational Fashions Limited** ("the Holding Company") and its subsidiary (collectively referred to as "the Group") comprising of the Consolidated Balance Sheet as at **March 31, 2017**, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's directors, 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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its subsidiary as at March 31, 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the total assets of ₹ 140,375.55 lacs as at March 31, 2017, total revenues and profit before tax of ₹ 461,600.90 lacs and ₹ 4,283.30 lacs respectively for the year ended, included in the accompanying consolidated financial statement in respect of one subsidiary, whose financial statements and other financial information have been audited by the other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditor. Our opinion is not qualified in respect of this matter.

Report on Other Legal & Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.



- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditor of the subsidiaries, none of the directors of the Group Companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) As the subsidiary of the Holding Company is incorporated outside India and is not a company incorporated under Companies Act, 2013, report on internal financial controls over financial reporting and the operating effectiveness of such controls of its subsidiary is not required.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. On the basis of written representations received from the management of the Company, the Company does not have any pending litigations which would impact its consolidated financial position; *except for the cases which are disclosed under sub-note "Contingent Liabilities & Commitments" in the consolidated financial statements.*
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses *except for the cases which are disclosed under Note No. 30 of the consolidated financial statements.*
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.
 - iv. The Company has provided requisite disclosures in its consolidated financial statements as regards its holding and dealings in Specified Bank during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of account maintained by the Company.- Refer *Note No. 32 to the consolidated financial statements.*

For S.R. Dinodia & Co. LLP.

Chartered Accountants,

Firm Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner

Membership No. 083689

Place : Gurgaon

Date: May 29, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	Note No.	As At	
		March 31, 2017	March 31, 2016
I. Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	3	260,467,240	260,467,240
(b) Reserves and Surplus	4	4,369,230,455	4,550,470,815
		4,629,697,695	4,810,938,055
Minority Interest			
		769,003,611	639,294,976
Non-current Liabilities			
(a) Long-Term Borrowings	5	380,689,427	133,335,140
(b) Deferred Tax Liabilities (Net)	6	-	-
(c) Long-Term Provisions	7	7,478,808	3,733,860
		388,168,234	137,069,000
Current Liabilities			
(a) Short-Term Borrowings	8	4,458,032,786	4,703,173,853
(b) Trade Payables	9	3,540,714,406	3,606,717,471
(c) Other Current Liabilities	9	352,141,467	263,754,725
(d) Short-Term Provisions	7	236,221,360	284,819,752
		8,587,110,019	8,858,465,801
TOTAL		14,373,979,559	14,445,767,832
II. Assets			
Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	10	1,399,544,239	1,485,665,701
Intangible Assets	10	474,911,354	465,016,717
Capital Work-in-Progress	10	420,560,346	229,306,985
(b) Deferred Tax Assets (Net)	6	2,096,675	38,292,345
(c) Non-Current Investments	11	625,592,801	384,545,703
(d) Long-Term Loans and Advances	12	32,883,925	43,004,141
(e) Non Current Assets	14	112,987	105,316
		2,955,702,328	2,645,936,908
Current Assets			
(a) Current Investment	11	51,730,920	50,488,561
(b) Inventories	13	346,284,099	502,692,300
(c) Trade Receivables	14	7,284,925,100	7,752,295,874
(d) Cash and Bank Balances	15	2,483,323,122	1,987,459,239
(e) Short-Term Loans and Advances	12	1,251,981,990	1,506,766,252
(f) Other Current Assets	14	32,000	128,698
		11,418,277,231	11,799,830,924
TOTAL		14,373,979,559	14,445,767,832
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

Firm's Registration Number: 001478N/N500005
For & on behalf of the Board of Directors of PDS Multinational Fashions Limited
(Sandeep Dinodia)

Partner

Membership No. 083689

(Payel Seth)

Managing Director

DIN 00003035

(Deepak Seth)

Director

DIN 00003021

Place : Gurgaon

Date: May 29, 2017

(Omprakash M.S. Setty)

Chief Financial Officer

(B. Chandra Sekhara Reddy)

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	Note No.	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
I Revenue from operations	16	46,160,089,777	42,767,678,422
II Other income	17	144,386,658	312,535,759
III Total Revenue (I+II)		46,304,476,435	43,080,214,181
IV Expenses:			
a) Purchases of Stock-in-Trade	18	40,056,589,044	36,843,544,514
b) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	19	(17,183,935)	140,888,704
c) Employee Benefits Expense	20	2,599,767,330	2,370,947,597
d) Finance Costs	21	130,915,610	141,635,797
e) Depreciation and Amortization Expense	11	128,723,887	146,484,456
f) Other Expenses	22	2,968,734,967	2,996,688,044
Total Expenses		45,867,546,903	42,640,189,112
V Profit before Exceptional and Extraordinary Items and Tax (III-IV)		436,929,533	440,025,069
VI Exceptional items	23	1,892,518	2,742,573
VII Profit Before Tax (V-VI)		435,037,014	437,282,496
VIII Tax Expense:			
(a) Current Tax		11,565,203	17,817,808
(b) Deferred Tax (Charge)/Release		39,136,430	(11,233,212)
IX Profit/(Loss) before minority share		384,335,380	430,697,900
Less: Minorities Share in (Profit)/Loss		(241,307,490)	(151,633,618)
X Profit after tax (VII-VIII-IX)		143,027,890	279,064,282
XI Earnings per equity share:			
(1) Basic	24	5.49	10.71
(2) Diluted	24	5.49	10.71
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

Firm's Registration Number: 001478N/N500005

For & on behalf of the Board of Directors of PDS Multinational Fashions Limited

(Sandeep Dinodia)

Partner

Membership No. 083689

Place : Gurgaon

Date: May 29, 2017

(Payel Seth)

Managing Director

DIN 00003035

(Omprakash M.S. Setty)

Chief Financial Officer

(Deepak Seth)

Director

DIN 00003021

(B. Chandra Sekhara Reddy)

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Exceptional Items	435,037,014	437,282,496
Adjustments For :		
Depreciation and Amortisation	128,723,887	146,484,456
Prior Period Expenses	56,000	46,555
(Profit)/Loss on sale of Assets	1,892,518	2,742,573
Net Interest paid	130,915,610	141,635,797
Foreign Currency Translation Reserve	(199,463,403)	175,678,767
Foreign Exchange Fluctuation	8,894,247	(213,589,169)
Interest received	(24,225,488)	(34,092,210)
Operating Profit Before Working Capital Changes	481,830,384	656,189,264
(Increase)/Decrease In Trade and Other Receivables	768,559,949	(315,565,834)
(Increase)/Decrease In Inventories	156,408,201	382,441,679
(Decrease)/Increase In Short term borrowings	(245,141,067)	499,563,138
(Decrease)/Increase In Trade Payables and other payables	40,903,356	14,402,295
Cash Generated From Operations	1,202,560,823	1,237,030,543
Income Taxes Paid (Net of Refunds)	(63,373,124)	(29,297,382)
Cash Flow Before Prior Period Items/Excess	1,139,187,699	1,207,733,161
Prior period Items/Excess provision w/back	(56,000)	(46,555)
Net Cash Provided/(Used) In Operating Activities	(A) 1,139,131,699	1,207,686,606
Cash Flow From Investing Activities		
Purchase of Fixed Assets (Net)	(399,586,817)	(229,330,830)
Foreign Exchange Adjustment	140,892,999	(79,855,213)
Investment Made During The Year	(242,289,458)	(239,648,114)
Investment In Bank Deposits	165,683,182	(404,495,623)
Sale of Fixed Assets	13,050,877	6,623,840
Interest Received	24,225,488	34,092,210
Net Cash Provided/ (Used) In Investing Activities	(B) (298,023,728)	(912,613,730)
Cash Flow From Financing Activities		
Capital Reserve	(76,201,078)	(134,584,817)
Retained Earnings	(99,305,403)	17,634,975
Interest Paid	(130,915,610)	(141,635,797)
Repayment (to)/ from Minority interest	(111,598,855)	(25,693,320)
Proceeds from Long Term Borrowings (Net)	247,354,287	(413,039,377)
Net Cash From Financing Activities	(C) (170,666,660)	(697,318,338)
Net Increase/(Decrease) In Cash and Cash Equivalents	(D = A+B+C) 670,441,312	(402,245,460)
Foreign Exchange Fluctuation	(8,894,247)	213,589,169
Cash And Cash Equivalents At The Beginning Of The Year (Refer Note 15)	684,569,367	873,225,658
Cash And Cash Equivalents At The Close Of The Year (Refer Note 15)	1,346,116,432	684,569,367

Notes to Cash Flow Statements

Components of Cash and Cash Equivalents

i) Balance with Banks

- In Current Accounts 1,346,094,120 684,566,542

ii) Cash on Hand 22,312 2,825

1,346,116,432 684,569,367

The accompanying notes are an integral part of the financials statements

As per our Audit Report of even date attached

For S.R. Dinodia & Co. LLP.

Chartered Accountants

Firm's Registration Number: 001478N/N500005

For & on behalf of the Board of Directors of PDS Multinational Fashions Limited

(Sandeep Dinodia)

Partner

Membership No. 083689

(Payel Seth)

Managing Director

DIN 00003035

(Deepak Seth)

Director

DIN 00003021

Place : Gurgaon

Date: May 29, 2017

(Omprakash M.S. Setty)

Chief Financial Officer

(B. Chandra Sekhara Reddy)

Company Secretary

Notes To The Consolidated Financial Statements For The Year Ended March 31, 2017

Note 1: Corporate Information

PDS Multinational Fashions Limited is a Public Limited Company (Hereinafter referred as 'the Company') domiciled in India and has its registered office at 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bangalore -560102, Karnataka. The company along with its subsidiaries (collectively referred to as "the Group"), is primarily engaged in trading of Garments, whilst the subsidiary and its sub-subsidiaries are engaged in investment holding, design, development, marketing, sourcing and distribution of readymade garments of all kinds and other consumer products worldwide. The Company has its primary listings on Bombay Stock Exchange and National Stock Exchange in India.

Note 2: Significant Accounting Policies

2.1 Accounting Convention

- i) The consolidated financial statements of the group have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention and on an accrual basis of accounting except in 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. The Company has complied in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014, the provisions of the Act (to the extent notified), guidelines issued by the Securities and Exchange Board of India (SEBI) and other applicable statutes. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- ii) The Financial statements of all reporting entities under consolidation are drawn up to the financial year ended March 31, 2017.

2.2 Uses of Estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets & liabilities (including contingent liabilities) at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount(s) of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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 company have been consolidated on a line-by-line basis by adding together the book values

of like items of assets, liabilities, income/ expenses and after eliminating intra-group balances & intra-group transactions resulting in unrealized profits or losses within the group.

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

b) Effect of Changes in Foreign Exchange Rates

- i) Translation of Financial Statements of Foreign Operations
 - In view of Accounting Standard-11 (AS-11) Changes in Foreign Exchange Rates notified under Companies (Accounts) Rules, 2014, the operations of the foreign subsidiary (including its 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 subsidiary 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 expense for the period.

c) Inventory

- i) Inventories are valued at lower of cost and net realizable value. Cost includes purchase price, duties, non refundable 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. Net Realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

d) Tangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes non-refundable taxes, duties, freight, insurance, labour cost, allocable borrowing costs and other directly attributable cost to the construction / acquisition of the assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. 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.

Gain or loss arising on account of sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss in the year in which the asset is sold.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

e) Intangible Assets

Intangible asset comprise computer softwares which are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss (if any).

f) Depreciation/Amortisation

Depreciation on tangible fixed assets except leasehold improvements is provided on straight-line method over the useful lives of assets as per Schedule II to the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged to Statement of Profit & Loss. Leasehold improvements are amortised over the lease term or the useful life of the assets whichever is earlier. Intangible assets, other than Goodwill (In case of Multinational Textile Group Limited), are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the Company for their use. In case of the trade mark capitalised, the Company is amortizing it over

period of 5 years from the date of capitalisation.

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.
- Depreciation is recognised on a straight line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased Assets are depreciated over the shorter of the lease term and their useful lives; it is reasonably certain that the Company will obtain the ownership by the end of the lease term
- The estimated useful lives are 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.

g) Goodwill

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, a goodwill impairment loss is recognised.

h) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria:-

- 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.
- viii) Other Income is recognized on accrual basis.

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. 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 Standalone (Indian) entity**

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 -Employees Benefits (Revised 2005) :

(i) Short Term Employee Benefits: Short term employee benefits are recognised as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered. Terminal Benefits are recognized as an expense immediately.

(ii) 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.

(iii) Defined Benefit Plan : The cost of providing defined benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefit become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

(iv) Other Long term Benefits : Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognised immediately in the Statement of Profit and Loss.

- **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 fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized as part of the cost of assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign

currency borrowings to the extent they are regarded as an adjustment to the interest cost.

m) Leases

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 in case of Operating Leases are charged to the Statement of Profit & Loss on accrual basis on straight line basis.

n) Taxes On Income

Taxes include current tax and deferred tax.

Current Tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals with respect to the Company. 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 the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred income taxes

Deferred tax 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 tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

o) Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit (CGU) may be impaired. If any indication exists, the recoverable amount of the same is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

p) Provision, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. 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 antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

r) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard -3(AS-3) "Cash Flow Statement".

s) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

t) Classification of Current / Non Current Assets and Liabilities

All assets and liabilities are presented as Current or Non Current as per the Company's normal operating cycle and other criteria set out in Schedule II of the Companies Act, 2013. Based on the nature of products and time between acquisition of assets and disposal of liabilities, the Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

(Currency : ₹ except otherwise specified)

Note 3 : Share Capital

	As at March 31, 2017	As at March 31, 2016
Authorised		
27,000,000 (March 31, 2016: 27,000,000) Equity Shares of ₹ 10/- each	270,000,000	270,000,000
	270,000,000	270,000,000
Issued, Subscribed & Paid-up		
26,046,724 (March 31, 2016: 26,046,724) Equity Shares of ₹10/-each fully paid - up	260,467,240	260,467,240
	260,467,240	260,467,240

a) Reconciliation Statement of Equity Share Capital

	March 31, 2017		March 31, 2016	
	No. of shares	Amount	No. of Shares	Amount
Equity Shares				
Balance at the beginning of year	26,046,724	260,467,240	26,046,724	260,467,240
Add:- Addition during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
Balance at the end of the year	26,046,724	260,467,240	26,046,724	260,467,240

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. On winding up of the Company, the holders of these equity shares will be entitled to receive residual 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% shares in the company

	March 31, 2017		March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Payel Seth	13,875,242	53.27	13,875,242	53.27
Mr. Deepak Seth	1,853,398	7.12	1,853,398	7.12
Mr. Pallak Seth	1,581,174	6.07	1,581,174	6.07

d) For a period of 5 years immediately preceding the date of Balance sheet Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

Equity Share Capital	No. of Shares 25,996,724
(Being shares issued to shareholders of Pearl Global Industries Limited, in terms of Scheme of Demerger in Financial Year 2014-15)	25,996,724

Note 4 : Reserves and surplus

	As At March 31, 2017	As At March 31, 2016
Foreign Currency Translation Reserve		
At the Beginning of the year	814,563,151	638,884,384
Add:- Addition during the year	-	175,678,767
Less:- Utilised during the year	199,463,403	-
At the end of year	(A) 615,099,748	814,563,151
Capital Reserve on Consolidation		
At the Beginning of the year	2,619,705,752	2,672,578,977
Less:- Utilised during the year	1,497,225	52,873,225
At the end of year	(B) 2,618,208,527	2,619,705,752
Hedging Reserve		
At the Beginning of the year	(3,813,516)	71,190,626
Add:- Addition during the year	6,693,064	-
Less:- Utilised during the year	-	75,004,142
At the end of year	(C) 2,879,548	(3,813,516)

(Currency : ₹ except otherwise specified)

Investment Reserve- Available for Sale			
At the Beginning of the year		(359,349)	(236,494)
Add:- Addition during the year		-	-
Less:- Utilised during the year		30,695,284	122,855
At the end of year	(D)	(31,054,633)	(359,349)
Retained Earnings			
At the Beginning of the year		1,120,374,778	823,675,523
Add/(Less): Transfer from exchange Reserve		(99,305,403)	17,634,975
Add:- Profit/(Loss) for the year		143,027,890	279,064,280
At the end of year	(E)	1,164,097,265	1,120,374,778
Total Reserves & Surplus	(A+B+C+D+E)	4,369,230,455	4,550,470,815

	Non-Current Portion		Current Maturities	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
Note 5 : Long-term borrowings				
Secured Loan from Bank (Refer Note 'a' below)				
- Loan in Functional Currency	246,708,860	-	-	-
Secured Loan from Financial Institution (Refer Note 'a' below)				
- Vehicle Loans	1,697,958	835,140	1,341,298	593,947
Unsecured Loan from Bank (Refer Note 'b' below)				
- Term Loan	132,282,609	132,500,000	30,217,391	13,750,000
	380,689,427	133,335,140	31,558,689	14,343,947
Less: Term Loan disclosed under "Other Current Liabilities" (Refer Note 9)	-	-	31,558,689	14,343,947
	380,689,427	133,335,140	-	-
The above amount includes -				
Secured borrowings	248,406,818	835,140	1,341,298	593,947
Unsecured borrowings	132,282,609	132,500,000	30,217,391	13,750,000

a) In case of Secured Loans the nature of Security are :-

i) In case of Multinational Textile Group Limited

Banking Facilities (Green Apparels Limited & Progress Manufacturing HK) granted by the bank were secured by fellow subsidiaries, Corporate Guarantee, Directors Personal Guarantee, Bank Guarantee and Fellow Subsidiary Properties.

ii) In case of PDS Multinational Fashions Limited

- Vehicle loan taken from BMW Financial Services is secured against hypothecation of respective vehicle. The applicable rate of interest ranges between 10 to 11 % per annum.

- Vehicle loan of ` 29 lacs taken by the Company, from the Kotak Mahindra Prime Limited, during the current financial year is secured against hypothecation of respective vehicle. The applicable rate of interest ranges between 9% to 10% per annum.

- Maturity profile of Vehicle loan is set out as below:

No. of Outstanding EMI as on March 31, 2017	15	36
Particulars	BMW Car Loan	Toyota Camry Car Loan
Amount repayable in	Amount	Amount
FY 2017-18	659,401	681,897
FY 2018-19	175,740	751,785
FY 2019-20	-	828,840

b) In case of unsecured term loan the terms of loan are :-

(i) Term Loan of ₹ 15 crores taken by the Company is guaranteed by Stand by Documentary Credit (SBDC) documents of its step down subsidiary, Norwest Industries Limited with HSBC Hong Kong. The maximum tenure of term loan is 7 years with 1 year moratorium period and it is repayable in equal quarterly installments over the said tenor.

(ii) Term Loan of ₹ 3 Crore (March 31, 2016 : ₹ Nil) taken by the Company during the current financial year is also guaranteed by Stand by Documentary Credit (SBDC) documents of its step down subsidiary, Norwest Industries Limited with HSBC Hong Kong. The maximum tenor of term loan is 6 years and it is repayable in equal quarterly installments over the said tenor.

(Currency : ₹ except otherwise specified)

(iii) Term Loan carries rate of interest ranging from 10.9% to 12%

(iv) Maturity profile of Unsecured Term loan is set out as below:

No. of Outstanding Quarterly Installments as at March 31, 2017	20	23	23
Amount repayable in	Term Loan of ` 9 crores	Term Loan of ` 6 crores	Term Loan of ` 3 crores
FY 2017-18	15,000,000	10,000,000	5,217,391
FY 2018-19	15,000,000	10,000,000	5,217,391
FY 2019-20	15,000,000	10,000,000	5,217,391
FY 2020-21	15,000,000	10,000,000	5,217,391
FY 2021-22	15,000,000	10,000,000	5,217,391
FY 2022-23	-	7,500,000	3,913,043

Note 6 : Deferred tax liabilities (Net)

		As At March 31, 2017	As At March 31, 2016
Deferred Tax Liabilities			
Impact of difference between tax depreciation as per Income Tax Provisions and depreciation / amortization charged for financial reporting		4,184,580	2,326,709
Gross deferred tax liability	(A)	4,184,580	2,326,709
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		6,281,255	40,619,054
Gross deferred tax assets	(B)	6,281,255	40,619,054
Net Deferred tax liability/(Assets)	(A - B)	(2,096,675)	(38,292,345)

Note 7 : Provisions

	Non Current		Current	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
Provision for employee benefits				
Gratuity (Refer Note 20)	3,907,542	2,103,301	32,737	13,816
Compensated Absences (Refer Note 20)	3,130,504	1,418,862	605,182	353,325
Other provisions				
Provision for current tax [Net of advance tax ₹ 820 (March 31, 2016: ₹ 24,430)]	-	-	235,577,391	284,444,551
Provision for Lease Equalisation	440,762	211,697	6,049	8,060
	7,478,808	3,733,860	236,221,360	284,819,752

Note 8 : Short-term borrowings

	As At March 31, 2017	As At March 31, 2016
Loan From Banks (Secured)		
- Loan in functional currency	4,105,035,827	4,327,184,771
	4,105,035,827	4,327,184,771
Unsecured Borrowings		
From Others	314,855,063	352,565,863
From Directors	38,141,896	23,423,219
	352,996,959	375,989,082
	4,458,032,786	4,703,173,853

The above amount includes

- Secured borrowings	4,105,035,827	4,327,184,771
- Unsecured borrowings	352,996,959	375,989,082
	4,458,032,786	4,703,173,853

In case of Secured Loans the nature of Security are :-

i) Norwest Industries Limited

The banking facilities are secured by way of pledge of company's time deposit and marketable securities, bank guarantees aggregating ₹ 116,862,105 (March 31, 2016: ₹ 119,733,344, guarantees from the ultimate holding company, a fellow subsidiary, company's insurance deposits, directors of the company including a related party.

ii) Norwest Industries Limited (Mortgage Loan)

- Bank mortgage loan which is secured, bears interest at 2% below the Hongkong and Shanghai Banking Corporation Limited's best lending rate and is repayable by 120 equal monthly instalments commencing on 30th September 2007.
- The Bank Loan is secured by the Group's Investment Properties, interest bearing at 2% over LIBOR per annum and repayable on August 11, 2020.

iii) Simple Approach Limited, Zamira Fashion Limited, Peotigem International Limited and PDS Asia Star Corporation Limited

The bank facilities were secured by corporate guarantee from holding and fellow subsidiary companies, personal guarantee from promoter directors and certain properties of fellow subsidiary companies.

iv) Loan from others

- Unsecured loan from related party outstanding as at March 31, 2017 is repayable on demand and carries interest rate of 10% p.a
- Unsecured loan from others outstanding as at March 31, 2017 is repayable on demand and carries interest rate of 10% p.a

v) Loan from Directors

The outstanding amount as on March 31, 2017 is repayable on demand and taken during the ordinary course of business.

Note 9 : Other current liabilities

	As At March 31, 2017	As At March 31, 2016
Trade Payables [Refer note (a) below]		
Amount due to Micro Small and Medium Enterprises		
- Principal Amount	-	-
- Interest Payable on Outstanding Amount	-	-
Amount due to Others	3,540,714,406	3,606,717,471
<i>(refer note (a) below for details of dues to micro and small enterprises)</i>		
(A)	3,540,714,406	3,606,717,471
Other Current Liabilities		
Current maturities of Long Term Borrowings (Refer Note 5)	31,558,689	14,343,947
Other Payables		
Statutory Liabilities	3,316,227	2,044,395
Interest Accrued but not due on borrowing from related parties	2,026,848	4,738,336
Interest Accrued but not due from banks and others	4,520,121	3,384,638
Creditor for Capital Goods	22,828,248	12,893,890
Other payables	287,891,334	226,349,519
(B)	352,141,467	263,754,725
Total (A+B) (Refer note 'b' below)	3,892,855,873	3,870,472,196

(a) Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006

	As At March 31, 2017	As At March 31, 2016
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 due to be transferred to Investor Education and Protection Fund.		

A) Contingent liabilities
Claims against company not acknowledged as debt *

	As At March 31, 2017	As at March 31, 2016
- On account of stamp duty on demerger	14,820,000	14,820,000
- On account of claim filed by supplier	11,466,301	10,266,301

Other money for which the Company is contingently liable *

Disputed liability under Income Tax (Net of ₹ 50,379 paid under protest) (A.Y. 2014- 15)	285,481	-
	26,571,782	25,086,301

*The Company has been advised that these demands are likely to be either deleted or substantially reduced and accordingly no provision is considered necessary in the books of account.

Note 11 : Investments

	As At March 31, 2017	As At March 31, 2016
Non- Current Investment		
Non-trade investments (Valued at Cost, unless stated otherwise)		
Investments in Equity shares (Unquoted)		
GWD Enterprises (100 A Shares and 25 B Shares of GBP 1 each)	51,876,515	53,068,619
India Infrastructure Opportunities LLP (721.30 Shares of \$ 1,028.45 each)	195,514,333	48,098,536
Juhu Exchange Limited (200,000 Preference Shares of GBP 1 each)	20,813,692	21,291,982
Flying Jamon Limited (3,286 Preference Shares of GBP 1 each)	7,443,915	7,614,973
Held to Maturity Investments (Bonds)	204,447,539	254,471,593
Other Investments	145,496,808	-
(A)	625,592,801	384,545,703
Current Investment (Unquoted)		
Investment in Unit Trusts	51,730,920	50,488,561
(B)	51,730,920	50,488,561
Total (A+B)	677,323,721	435,034,264

Aggregate book value of quoted investment is ₹ Nil

Aggregate market value of quoted investment is ₹ Nil

Aggregate book value of unquoted investment is ₹ 677,323,721 (March 31, 2016: ₹ 435,034,264)

Note 10 : Fixed Assets

(Currency : ₹ except otherwise specified)

Particulars	Gross Block				Accumulated Depreciation / Amortization				Net Block		
	As At April 1, 2016	Addition during the year	Deduction	Adjustment	Foreign Exchange Fluctuation	As At March 31, 2017	For the year	Deductions/ Adjustments	Foreign Exchange Fluctuation	As At March 31, 2017	As At March 31, 2016
Tangible Assets											
Land Freehold	6,880,947	-	-	-	-	6,880,947	-	-	-	6,880,947	6,880,947
Building	1,695,076,561	-	-	-	(227,492,220)	1,467,584,361	30,253,272	-	(95,956,320)	3,19,328,776	1,3,10,044,756
Leasehold Improvements	4,38,7814	14,240,589	50,147	-	95,988,793	114,54,7049	8,764,181	-	79,071,826	88,032,620	4,191,202
Office Equipments	5,570,577	33,609,859	584,883	-	318,899,049	357,494,603	37,896,961	115,561	266,519,984	308,370,996	1,500,965
Plant & Machinery	93,496,584	89,477,284	-	(508,188)	(19,695,400)	162,770,279	9,951,637	-	(13,954,413)	70,120,116	15,373,693
Vehicles	73,580,800	10,211,572	-	-	(2,680,037)	81,112,335	14,258,274	-	(1,865,570)	59,353,555	26,619,949
Computers	3,507,232	14,952,189	5,624,171	508,188	15,640,524	28,983,962	4,024,623	4,746,024	12,633,400	14,100,528	1,316,702
Furniture & Fixtures	599,729,900	9,598,480	3,010,259	-	(379,309,590)	227,007,931	484,868,957	1,905,729	(313,400,089)	192,390,326	114,860,344
Electrical Installations	5,102,477	472,450	-	-	-	5,574,927	227,335	-	-	725,238	4,875,142
Total (A)	2,487,332,312	172,562,423	9,269,460	-	(198,668,881)	2,451,956,393	1,001,666,611	6,767,314	(66,981,181)	1,052,412,154	1,485,665,701
Intangible Assets											
Goodwill	444,365,531	24,469,602	-	-	(9,313,081)	459,522,052	-	-	-	459,522,052	444,365,531
Software	103,124,825	5,907,249	-	-	-	109,032,074	97,084,462	-	-	99,786,022	6,040,363
Trade Mark	13,968,097	5,053,184	-	-	(480,222)	18,541,059	11,283,340	1,427,828	(293,359)	12,417,810	2,684,757
Design and development	11,926,066	155,448	12,255,666	-	324,386	150,234	-	120,494	29,741	150,234	0
Total (B)	573,384,520	35,585,482	12,255,666	-	(9,468,917)	587,245,419	108,367,803	4,229,882	(263,618)	112,334,066	465,016,717
Capital Work in Progress	229,306,985	191,438,912	185,550	-	-	420,560,346	-	-	-	420,560,346	229,306,985
Total (C)	229,306,985	191,438,912	185,550	-	-	420,560,346	-	-	-	420,560,346	229,306,985
Grand Total (A+B+C)	3,290,023,816	399,586,817	21,710,676	-	(208,137,798)	3,459,762,158	1,110,034,413	6,767,314	(67,244,799)	1,164,746,220	2,179,989,403
Previous Year	2,940,942,946	229,330,830	13,568,436	-	133,318,576	3,290,023,820	914,288,616	4,202,021	53,463,363	1,110,034,414	2,026,654,230

a) The Break up of Capital work in progress is as under : -

Particulars	As At March 31, 2017	As At March 31, 2016
i) CWIP – Building		
– Construction Expenses	228,719,434	200,607,461
– Interest on Term loan as per AS-16	46,934,539	24,204,640
– Pre-operative expenses	13,346,900	4,404,884
ii) CWIP for setting of factory in Bangladesh	108,610,362	-
iii) CWIP – Trade Mark	-	90,000
iv) CWIP – Interior Decoration	22,949,111	-
Total	420,560,346	229,306,985

b) Capital Work in Progress includes interest on borrowing cost amounting to ₹ 46,934,539 (Net of Interest Income ₹ Nil) related to borrowed funds (March 31, 2016: ₹ 24,204,640 (Net of Interest Income ₹ 244,320)), in accordance with Accounting Standard-16 "Borrowing Cost".

	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Note 12 : Loans and Advances				
Capital Advances	2,352,649	14,725,765	–	–
(A)	2,352,649	14,725,765	–	–
Security Deposits	10,973,046	7,908,166	43,094,060	29,816,115
(B)	10,973,046	7,908,166	43,094,060	29,816,115
Loan and advances to related parties	19,452,000	19,899,000	74,400,050	28,747,527
(C)	19,452,000	19,899,000	74,400,050	28,747,527
Advances Recoverable in cash or kind	–	–	630,347,658	963,522,686
(D)	–	–	630,347,658	963,522,686
Other Loans and advances				
Balance with Government Authorities	50,379	300,000	560,723	–
Prepaid Expenses	55,851	171,210	138,499,323	6,904,978
Advance to Employees	–	–	7,755,318	2,017,209
Advance to Suppliers				
Unsecured - Considered Good	–	–	357,324,859	475,757,738
Unsecured, considered doubtful	–	–	1,197,948	1,197,948
	106,230	471,210	505,338,170	485,877,873
Less : Provision for Doubtful Advances	–	–	1,197,948	1,197,948
(E)	106,230	471,210	504,140,222	484,679,925
Total (A+B+C+D+E)	32,883,925	43,004,141	1,251,981,990	1,506,766,252
			As at March 31, 2017	As at March 31, 2016
a) Commitments				
Estimated amount of contracts remaining to be executed on capital account (net of capital advances)			11,960,085	27,998,110
			11,960,085	27,998,110
Note 13 : Inventories			As At March 31, 2017	As At March 31, 2016
(As taken, valued & certified by management)				
Raw materials			261,041,227	438,294,695
Finished goods(including Traded goods)			85,242,872	64,397,605
			346,284,099	502,692,300
	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Note 14 : Trade Receivables				
Outstanding for the period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	–	–
Unsecured, considered Doubtful	–	–	4,204,076	4,204,076
Less: Provision for doubtful receivables	–	–	4,204,076	4,204,076
(A)	–	–	4,204,076	4,204,076

(Currency : ₹ except otherwise specified)

Other receivables					
Unsecured, considered good		–	–	7,284,925,100	7,752,295,874
	(B)	–	–	7,284,925,100	7,752,295,874
Other Assets					
Deposit Accounts with original maturity more than 12 months (Refer Note Below)		100,000	100,000	25,000	25,000
Interest accrued but not due		12,987	5,316	7,000	103,698
	(C)	112,987	105,316	32,000	128,698
Total (A+B+C)		112,987	105,316.00	7,284,957,100	7,752,424,572

Note:

(i) The deposit of ₹ 25,000 (March 31, 2016 : ₹ 25,000) is pledged with Commercial Tax department, Tirupur.

(ii) The deposit of ₹ 100,000 (March 31, 2016 : ₹ 100,000) is pledged with Haryana VAT Department.

	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Note 15 : Cash & Cash Equivalents				
Cash and Cash Equivalents comprise of:				
Cash in hand and at banks	–	–	1,346,116,432	684,569,367
	(A)	–	1,346,116,432	684,569,367
Other Bank Balances				
Deposits with original maturity for more than 3 months but less than 12 months	–	–	1,137,206,690	1,302,889,872
Deposits with original maturity for more than 12 months	100,000	100,000	–	–
Less : Disclosed under non-current Assets (Refer Note 14)	100,000	100,000	–	–
	(B)	–	1,137,206,690	1,302,889,872
Total (A + B)	–	–	2,483,323,122	1,987,459,239

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Note 16 : Revenue from operations		
Sale of Products	45,571,362,243	42,270,478,003
Other Operating Revenues	588,727,534	497,200,419
	46,160,089,777	42,767,678,422

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Note 17 : Other Income		
Interest Income (Refer Note ' a ' below)	24,225,488	34,092,210
Rental Income	22,102,739	17,139,083
Foreign Exchange Fluctuation (Net)	–	213,589,169
Sundry bal Written back	211,261	–
Miscellaneous Income	97,847,170	47,715,296
	144,386,658	312,535,759
a) Interest Income		
Interest on Fixed deposits with Banks	1,560,482	1,873,128
Interest on Bonds	183,113	176,022
Interest on Others	22,481,894	32,043,060
	24,225,488	34,092,210

(Currency : ₹ except otherwise specified)

Note 18 : Purchase of Traded Goods	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Finished Goods	40,056,589,044	36,843,544,514
	40,056,589,044	36,843,544,514

Note 19 : Increase/(decrease) in inventories	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Opening Stock	64,397,605	205,286,309
Less: Closing Stock	81,581,540	64,397,605
	(17,183,935)	140,888,704

Note 20 : Employee Benefit Expense	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Salaries, wages and bonus	2,335,229,927	2,142,358,600
Contribution to Provident and other funds	197,457,594	188,733,446
Gratuity (Refer note below)	1,823,162	1,134,400
Compensated absences	2,591,003	638,724
Staff Welfare Expenses	62,665,643	38,082,428
	2,599,767,330	2,370,947,597

(I) In case of standalone (Indian) entity, the Company has classified the various benefits provided to employees as under:-

(i) **Defined Contribution Plan**

The Company makes contribution towards Provident Fund (PF) & Employee State Insurance (ESI) as defined contribution retirement benefit plan for the qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company contributes a specified percentage of payroll cost to the said schemes to fund the benefits. Similarly, contribution is made at a specified percentage in case of Employee State Insurance.

During the year company recognized ₹ 961,308 (March 31, 2016: ₹ 690,912) for provident fund contribution and ₹ 2,729 (March 31, 2015: ₹ Nil) for ESI contribution in the Statement of Profit and Loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

(ii) **Defined Benefit Plan : It includes :**

- a) Gratuity (Unfunded)
- b) Compensated Absence (Unfunded)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation is carried out in respect of aforesaid defined benefit plans and other long term benefits based on the assumption given in the table with subheading 'd' below. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation at year end. The obligation for leave encashment is recognized in the same manner as of gratuity.

(II) The details of Actuarial Valuation Certificate(s) are as under:-

a) **Reconciliation of opening and closing balances of Defined Benefit Obligations**

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Defined benefit obligations at beginning of the year	2,117,117	982,717	1,772,187	1,242,731
Service Cost	1,422,357	1,031,524	1,326,220	548,058
Interest Cost	169,369	76,161	141,775	96,312
Actuarial (gain)/loss on Obligation	231,436	26,715	1,123,008	(5,646)
Benefits paid	-	-	(627,504)	(109,268)
Defined Benefit Obligations at the end of the year	3,940,279	2,117,117	3,735,686	1,772,187

b) Reconciliation of fair value of Assets and Obligations

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Fair value of plan assets	-	-	-	-
Present value of obligation	3,940,279	2,117,117	3,735,686	1,772,187
Amount recognized in balance sheet	3,940,279	2,117,117	3,735,686	1,772,187

Reconciliation of fair value of Assets and Obligations

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Fair value of plan assets	-	Not Applicable	-	Not Applicable
Present value of obligation	982,717		1,242,731	
Amount recognized in balance sheet	982,717		1,242,731	

Reconciliation of fair value of Assets and Obligations

Particulars	March 31, 2013	
	Gratuity (Unfunded)	Compensated Absences (Unfunded)
Fair value of plan assets	Not Applicable	
Present value of obligation		
Amount recognized in balance sheet		

c) Expense recognized during the year

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Current Service Cost	1,422,357	1,031,524	1,326,220	548,058
Interest Cost	169,369	76,161	141,775	96,312
Expected return on plan assets	-	-	-	-
Actuarial (gain)/loss	231,436	26,715	(627,504)	(5,646)
Net Cost	1,823,162	1,134,400	840,491	638,724

d) Actuarial Assumptions

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount Rate (per annum)	7.75%	8.00%	7.37%	8.00%
Future increase in Compensation	5.50%	5.50%	5.50%	5.50%
In Service Mortality	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Retirement age	58 Years	58 Years	58 Years	58 Years
Withdrawal rates				
- Upto 30 years	3.00%	3.00%	3.00%	3.00%
- Upto 44 years	2.00%	2.00%	2.00%	2.00%
- Above 44 years	1.00%	1.00%	1.00%	1.00%

e) The estimate of rate of escalation in Salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors on long term basis including supply and demand in the employment market.

(Currency : ₹ except otherwise specified)

Note 21 : Finance Cost	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Interest Expense		
- On Term Loan	7,026,402	4,932,477
- On bank overdraft & other credit facilities	122,830,637	135,527,021
- Others	1,058,570	1,176,298
	130,915,610	141,635,797

Note 22 : Other Expenses	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Electricity Charges	7,328,927	1,962,353
Rent	186,487,281	182,869,790
Rates & taxes	16,238,044	29,600,821
Repair & Maintenance - Others	96,380,097	94,310,864
Legal & Professional Charges (Refer Note ' b ' below)	769,597,971	841,326,480
Payment to the Auditors (Refer Note 'a' below)	29,052,127	25,647,694
Postage and courier	130,099,889	125,013,922
Selling & Marketing	329,528,307	299,586,922
Commission & Brokerage	376,223,155	291,410,957
Travelling & conveyance	362,697,703	336,259,666
Miscellaneous Expenses (Refer Note ' b ' below)	665,101,468	768,698,575
	2,968,734,967	2,996,688,044

a) Payment to Auditors

As Auditor:

- Audit Fees	28,302,127	24,897,694
- Tax Audit Fees	200,000	200,000

In other Capacity:

- Certification Fees	550,000	550,000
	29,052,127	25,647,694

b) Prior Period Items

The Company had identified that certain expenses/provisions were not recorded in the financial statements for earlier years, as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. These expenses/provisions have been disclosed as prior period items for corresponding figures of previous year which are as under:

Printing & Stationery	56,000	25,832
Legal & Professional	56,000	20,723
	46,555	46,555

Note 23 : Exceptional Items	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Loss/(Gain) on sale of fixed assets	1,892,518	2,742,573
	1,892,518	2,742,573

(Currency : ₹ except otherwise specified)

Note 24: Earnings Per Share(EPS)		For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Profit/(Loss) attributable to the equity shareholders	(A)	143,027,890	279,064,282
Basic/weighted average no. of equity shares outstanding during the period	(B)	26,046,724	26,046,724
Nominal value of equity shares (₹)	(C)	10	10
Basic Earnings per share	(D=A/B)	5.49	10.71
Dilutive Earnings per share	(E=A/B)	5.49	10.71

Note 25: Contingent Liabilities and Commitments

a) Contingent Liabilities

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

At March 31, 2017, the sub-subsidiaries have the following Contingent Liabilities

Poeticgem Limited, UK (Foreign Subsidiary)

- a) The Sub-subsidiary bankers, HSBC plc have given a guarantee to H M Revenue & Customs amounting to ₹ 40,661,164 (March 31, 2016 : ₹ 47,651,472) and to Royal Bank of Scotland PLC amounting to ₹ 3,003,648 (March 31, 2016 : ₹ 3,520,000) on behalf of the Sub-subsidiaries.
- b) Poeticgem Limited has extended an Unlimited Multilateral Guarantee on August 28, 2012 to HSBC on behalf of its subsidiaries, Pacific Logistics Limited and FX Import Company Limited.
- c) The bank has a fixed and floating charge over the assets of Sub-subsidiary which is supported by a debenture dated September 11, 2012.

Norwest Industries Limited (Foreign Subsidiary)

- a) Guarantee given to banks in connection with facilities granted to subsidiaries and fellow subsidiaries and third parties ₹ 4,554,550,997 (March 31, 2016 : ₹ 2,710,405,446).
- b) At March 31, 2017, the banking facilities guaranteed by Norwest Industries Limited to its fellow subsidiaries were utilised to the extent of approximately ₹ 3,837,382,148 (March 31, 2016: ₹ 2,175,549,710).

FX Import Company Limited

- a) HSBC Bank PLC, has provided a guarantee to H M Revenue and Customs amounting to ₹ 12,198,349 (March 31, 2016 : ₹ 14,295,442). Under this guarantee the maximum liability as at March 31, 2017 is ₹ 12,198,349 (March 31, 2016 : ₹ 14,295,442). FX Import Company Limited has extended an Unlimited Multilateral Guarantee on 28 August 2012 to HMRC on behalf of its parent company Poeticgem Limited and fellow subsidiaries Pacific Logistics Limited.
- b) The bank has a fixed charge over the assets of FX Import Company Limited which is supported by a debenture dated August 28, 2012.

Pacific Logistics Limited

The Company has extended an Unlimited Multilateral Guarantee on 8 August 2012 to HSBC on behalf of its parent company Poeticgem Limited and fellow subsidiaries FX Import Company Limited. The bank has a fixed and floating charge over the assets of Pacific Logistics Limited as security.

- Simple Approach Limited, Zamira Fashion Limited, Poeticgem International Limited and Techno Design HK Ltd.

Contingent Liabilities related to Irrevocable letters of credit as on March 31, 2017 is ₹ 1,743,233,191 (March 31, 2016 : ₹ 3,122,761,545).

Note 26: The Subsidiaries considered in the consolidated financial statements are:

Name of the Enterprises	Date of Acquisition (DD.MM.YYYY)	Country of Incorporation	% of voting power held as at March 31,2017
Multinational Textile Group Ltd.	13.05.2014	Mauritius	100.00%

(i) 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 31,2017
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%
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%
Techno Design HK Limited	02.11.2012	Hong Kong	55.00%
Poeticgem International Limited	27.09.2013	Hong Kong	83.00%
Multinational OSG Services Bangladesh Ltd	02.02.2014	Bangladesh	97.00%
Casa Forma London Limited	14.04.2016	UK	100.00%
Progress Apparels Bangladesh Limited	12.07.2015	Bangladesh	99.99%
Green Apparel Industries Ltd	15.03.2016	Hong Kong	75.00%
Grupo Sourcing Limited	15.03.2016	Hong Kong	51.00%
MultiTech Ventures limited	25.11.2015	Mauritius	100.00%
Techno Design GMBH	14.02.2014	Germany	55.00%
Progress Manufacturing Group Ltd	17.07.2015	Hong Kong	100.00%
Sure Investments Limited	13.10.2016	Mauritius	100.00%
Blueprint Design Limited	30.06.2016	Hong Kong	100.00%

(ii) Norwest Industries Ltd, holds the following subsidiaries

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2016
Nor Lanka Manufacturing Limited	22.10.2008	Hong Kong	100.00%
Nor India Manufacturing Co. Limited, Hongkong	17.12.2010	Hong Kong	100.00%
Design Arc Europe Limited	04.11.2011	Hong Kong	70.00%
Techno. Manufacturing Co. Ltd.	03.01.2012	Hong Kong	100.00%
Spring Near East Manufacturing Co. Ltd.	17.12.2010	Hong Kong	65.00%
DS Manufacturing Limited	27.08.2012	Hong Kong	100.00%
PoeticGem Australia Ltd	06.06.2012	Hong Kong	100.00%
Design Arc Asia Limited	18.12.2012	Hong Kong	85.00%
Kleider Sourcing Hong Kong Limited	24.10.2013	Hong Kong	51.00%
Razamtazz Limited	23.03.2011	UK	100.00%
Twins Asia Limited	27.07.2015	Hong Kong	85.00%
JJ Star Industrial Limited	28.04.2015	Hong Kong	57.50%
Krayon Sourcing Ltd.	16.12.2014	Hong Kong	80.00%
Fareast Vogue Limited	26.07.2012	Hong Kong	60.00%
PDS Far-east Limited	23.08.2016	Hong Kong	100.00%
Kindred Brands Ltd	23.08.2016	Hong Kong	60.00%
Styleberry Limited	13.09.2016	Hong Kong	85.00%
PDS Global Investments Limited	21.12.2016	Hong Kong	100.00%

(iii) Design ARC Europe Limited holds the following Subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Nor Europe SPA	17.11.2011	Spain	100.00%

(iv) 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 31,2017
Nor Lanka Progress Private Limited	20.10.2015	Sri Lanka	100.00%
Nor Lanka Manufacturing colombo Limited	13.08.2012	Sri Lanka	100.00%

(v) 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 31,2017
Poeticgem Limited	30.03.2006	UK	100.00%
Poetic Brands Limited	15.01.2015	UK	100.00%
Design Arc UK Limited	21.10.2016	UK	85.00%

(vi) Poeticgem Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Pacific Logistics Limited	27.10.2003	UK	100%
FX Imports Company Limited	26.03.2008	UK	100%
Poetic Knitwear Limited	31.03.2009	UK	100%

(vii) PG Group Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
PG Home Group Ltd.	13.05.2008	Hong Kong	90.00%
PG Shanghai Manufacturing Co Ltd	08.06.2012	China	100.00%

(viii) 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 31,2017
PG Home Group SPA	31.07.2008	Chile	100.00%

(ix) 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 31,2017
FX Import Hong Kong Limited	04.05.2009	Hongkong	100.00%

(x) PDS Asia Star Corporation Ltd. holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
PDS Trading (Shanghai) Co., Limited	31.12.2012	China	100.00%

(xi) Simple Approach Ltd. holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Simple Approach (Canada) Limited	02.05.2013	Canada	100.00%

(xii) Kleider Sourcing HongKong Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Kleider Souricng Limited	10.08.2014	Bangladesh	99.97%

(xiii) Zamira Fashions Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Zamira Denim Lab Limited	24.10.2014	HongKong	100.00%
Zamira Fashion Limited Zhongshan	26.06.2015	China	100.00%

(xiv) Grupo Sourcing Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Grupo Sourcing Limited	02.05.2016	Bangladesh	99.98%

(xv) Green Apparel Industries Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Green Smart Shirts Limited	04.05.2016	Bangladesh	99.98%

(xvi) Redwood Internet Ventures Limited holds the following Subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Digital Internet Technologies Limited	25.02.2016	Hongkong	100.00%

(xvii) Digital Internet Technologies Limited holds the following Subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Digital Ecom Techno Private Limited	17.06.2016	India	100.00%

(xviii) Norwest Industries Limited holds the following Joint venture:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Sourcing Solution limited	12.03.2015	Hongkong	50.00%

(xix) Multitech Ventures Ltd holds the following Joint venture:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31,2017
Redwood Internet ventures Limited	09.12.2015	Hongkong	50.00%

Note 27: Alignment of Accounting Policy for consolidation.

- 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 99.95 % of total interest income of ₹ 24,225,488, (March 31 2016 : ₹ 34,092,210)
- 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 ₹ 12,184,562 (March 31, 2016 : ₹ 9,795,284)
- 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 ₹ 45,571,362,243 (March 31 2016 : ₹ 42,270,478,003)

Note 28: Segment Reporting

For the year ended March 31, 2017, 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 Europe, Asia and Others

The business segments considered by the Company are:

- Garments & Other Consumer Products
- Other Segments

A. Geographical Segment

(Currency : ₹ except otherwise specified)

Particulars	Asia	Europe	Rest of world	Unallocated	Total	Elimination	Total
Segment Revenue							
Segment Sales	44,845,994,429	1,106,441,643	133,866,524	-	46,086,302,596	-	46,086,302,596
Inter Segment Sales	72,579,023	308,494,807	133,866,524	-	514,940,353	-	514,940,353
Total Segment Sales	44,773,415,406	797,946,836	-	-	45,571,362,243	-	45,571,362,243
Segment Other Operating Income	851,862,994	983,634,332	483,580,197	-	2,319,077,523	-	2,319,077,523
Inter Segment Other Operating Income	373,478,848	878,000,661	478,870,479	-	1,730,349,988	-	1,730,349,988
Total Segment Other Operating Income	478,384,146	105,633,671	4,709,718	-	588,727,534	-	588,727,534
Total Segment Revenue	45,251,799,552	903,580,507	4,709,718	-	46,160,089,777	-	46,160,089,777
Total Revenue of each segment as a percentage of total revenue of all segment	98	2	0	-	100	-	100
Total Segment Operative Profit	721,789,907	21,106,132	231,854,115	(5,618,139)	969,132,015	272,562,985	696,569,029
Depreciation	(108,024,522)	(10,389,853)	(7,418,596)	(267,294)	(126,100,265)	2,623,622	(128,723,887)
Unallocated Expenses	-	-	-	-	-	-	-
Total Segment Result before Interest & Taxes/Extraordinary items	613,765,384	10,716,279	224,435,519	(5,885,433)	843,031,750	275,186,607	567,845,142
Total EBIT of each segment as a percentage of total EBIT of all segment	108	2	40	(1)	148	48	100
Net Financing Income / (Expense)	-	-	-	(130,915,610)	(130,915,610)	-	(130,915,610)
Income Tax Expenses	-	-	-	(50,701,633)	(50,701,633)	-	(50,701,633)
Exceptional Item	-	(1,889,692)	(2,826)	-	(1,892,518)	-	(1,892,518)
Profit for the Year	613,765,384	8,826,587	224,432,693	(187,502,676)	659,521,988	275,186,607	384,335,381
Segment Assets	11,649,010,932	727,149,073	2,056,472,694	1,029,483,748	15,462,116,448	1,088,136,946	14,373,979,502
Segment Assets as a percentage of Total assets of all segments	81	5	14	7	108	8	100
Segment Liabilities	8,179,445,262	240,507,426	378,232,445	271,875,217	9,070,060,349	94,782,096	8,975,278,253
Segment Liabilities as a percentage of Total Liabilities of all segments	91	3	4	3	108	1	100
Segment Capital Employed	3,469,565,670	486,641,648	1,678,240,250	757,608,532	6,392,056,098	993,354,850	5,398,701,248
Segment Capital Employed as a percentage of Total capital employed of all segments	64	9	31	14	118	18	100

B. Business Segment

(Currency : ₹ except otherwise specified)

	Garments and other consumer products	Other segments	Unallocated	Total Segment	Elimination	Total
Segment Revenue						
Segment Sales	45,952,436,072	133,866,524	-	46,086,302,596	-	46,086,302,596
Inter Segment Sales	381,073,829	133,866,524	-	514,940,353	-	514,940,353
Total Segment Sales	45,571,362,243	-	-	45,571,362,243	-	45,571,362,243
Segment Other Operating Income	1,748,502,428	570,575,021	-	2,319,077,449	-	2,319,077,449
Inter Segment Other Operating Income	1,210,554,844	519,795,070	-	1,730,349,914	-	1,730,349,914
Total Segment Other Operating Income	537,947,584	50,779,951	-	588,727,534	-	588,727,534
Total Segment Revenue	46,109,309,826	50,779,951	-	46,160,089,777	-	46,160,089,777
Total Revenue of each segment as a percentage of total revenue of all segment	100	0	-	100	-	100
Total Segment Operative Profit	748,328,033	226,422,120	(5,618,139)	969,132,014	272,562,985	696,569,029
Depreciation	(118,371,126)	(7,461,845)	(267,294)	(126,100,265)	2,623,622	(128,723,887)
Total Segment Result before Interest & Taxes/Extraordinary items	629,956,908	218,960,275	(5,885,433)	843,031,749	275,186,607	567,845,142
Total EBIT of each segment as a percentage of total EBIT of all segment	111	39	-	148	48	100
Net Financing Income / (Expense)	-	-	-	(130,915,610)	-	(130,915,610)
Income Tax Expenses	-	-	(50,701,633)	(50,701,633)	-	(50,701,633)
Exceptional Item	(1,889,692)	(2,826)	-	(1,892,518)	-	(1,892,518)
Profit For the Year	628,067,215	218,957,449	(56,587,066)	659,521,988	275,186,607	384,335,380
SEGMENT ASSETS	12,600,386,139	1,832,246,477	1,029,483,748	15,462,116,364	1,088,136,805	14,373,979,559
Segment Assets as a percentage of total assets of all segments	88	13	7	108	8	100
SEGMENT LIABILITIES	8,638,513,387	159,671,746	271,875,217	9,070,060,349	94,782,096	8,975,278,253
Segment Liabilities as a percentage of total liabilities of all segments	96	2	3	101	1	100
Segment Capital Employed	3,961,872,752	1,672,574,731	757,608,532	6,392,056,014	993,354,766	5,398,701,248
Segment Capital Employed as a percentage of total capital employed of all segments	73	31	14	118	18	100

Note 29 : 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
Enterprise over which KMP can exercise significant influence	Pearl Global Industries Limited
	Pallas Holdings Limited
	Transnational Textile Group Ltd.
	JJ Star Industries Limited
	JSM Trading Limited
	Grupo Extremo SUR S.A.
	Frou Holdings Ltd.
	Norp Knit Industries Limited
	Pearl Global (HK) Limited
	Pearl Global Fareast Limited

(Currency : ₹ except otherwise specified)

Key Managerial Personnel	Name	Designation
	Mrs. Payel Seth	Managing Director
	Mr. Deepak Seth	Director
	Mr. Pallak Seth	Director
	Mr. Chandra Kishore Jha	Company Secretary
	Mr. Chandra Shekhar Reddy (w.e.f November 14, 2016)	Company Secretary
	Mr. Omprakash Makam Suryanarayan Setty	Chief Financial Officer

B. Disclosure of Related Party Transaction.

(Currency : ₹ except otherwise specified)

Nature of Transaction	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Advance Given	86,724,797	15,663,962
Advance Recovered	22,003,454	4,954,519
Advance received	11,254,344	10,954,261
Advance Repaid	-	709,167
Loan received	-	30,000,000
Loan re-paid	973,313	96,330,000
Consultancy Fees accrued	241,439,910	397,796,863
Consultancy Fees paid	242,264,545	346,109,940
Interest Expense	3,000,000	10,975,902
Remuneration to Key Managerial Person (KMP)	14,635,710	12,563,812
Closing Balance		
- Other Receivable	168,803,872	94,129,301
- Other Payable	99,959,586	84,082,135

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

Nature of Transaction	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Advance Given		
JJ Star Industries Limited	62,954,842	-
Other Related Parties	23,713,090	15,410,714
Pearl Global Industries Limited	-	253,248
Advance Recovered		
Grupo Extremo	22,003,454	1,638,019
Pearl Global (HK) Limited	-	3,316,500
Advance Received		
Other Related Parties	11,254,344	10,954,261
Advance Repaid		
Frou Holdings Limited	-	103,541
Norp Knit Industries Limited	-	605,593
Loan Received		
Pearl Global Industries Limited	-	30,000,000
Loan Repaid		
Pearl Global Industries Limited	973,313	96,330,000
Consultancy fees accrued		
JSM Trading Limited	236,082,440	393,683,474
Consultancy paid		
JSM Trading Limited	236,082,440	346,109,940
Interest Paid		
Pearl Global Industries Limited	3,000,000	10,975,902
Salary Paid to Key Managerial Personnels		
Mrs. Payal Seth (under Special resolution and pursuant to Section II of Part II of Schedule V of the Companies Act, 2013)	3,600,000	3,600,000
Mr. Chandra Shekhar Reddy	2,390,121	-
Mr. Omprakash Makam Suryanarayan Setty	8,219,808	8,207,208
Closing Balance		
Receivable		
Grupo Extremo SUR SA	-	13,786,425
Frou Holding Limited	30,832,004	31,540,512
Pearl Global Industries Limited	1,521,211	560,464
JJ Star Industries limited	62,954,842	-
Other Related Parties	70,871,287	48,241,908
Payable		
Grupo Extremo SUR S.A.	8,526,719	-
JJ Star Industries limited	15,561,600	15,919,200
Other Related Parties	43,215,730	32,695,842
Norp Knit Industries Limited	-	-
Pearl Global HK Limited	628,689	4,113,389
Pearl Global Industries Limited	32,026,848	31,353,698

Note 30: 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	Asset	Liabilities
	2017	2017	2016	2016
	USD	USD	USD	USD
Forward Foreign Exchange (fair value)		3,923	-	7,440
		(Equivalent to ₹ 254,367)		(Equivalent to ₹ 493,495)

The terms of the forward foreign exchange contracts have been negotiated to match the terms of the commitments referred to below. The cash flow hedges of the expected future purchase were assessed to be highly effective and as at March 31, 2017, a recognised loss of ₹ 254,367 (March 31, 2016: ₹ 493,495) was included in the hedging reserves in respect of these contracts.

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	As At
	March 31, 2017	March 31, 2016
	USD	USD
Forward Foreign Exchange Contract	1,328,947	6,319,993
	(Equivalent to ₹ 86,168,923)	(Equivalent to ₹ 419,205,136)

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 March 31, 2017.

(ii) Foreign Currency contracts

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

Particulars	Asset	Liabilities	Asset	Liabilities
	2017	2017	2016	2016
	USD	USD	USD	USD
Foreign Currency contracts	158,017	53,074	58,351	461,870
	(Equivalent to ₹ 10,245,822)	(Equivalent to ₹ 3,441,318)	(Equivalent to ₹ 3,870,422)	(Equivalent to ₹ 30,635,837)

(iii) Forward currency contracts – cash flow hedges

At 31 March 2017, the Subsidiary Norwest Industries Limited and its subsidiaries as a group held 36 forward currency contracts (2016: 58) and they are designate as hedges in respect of expected future sales to customers in the United Kingdom for which the said group 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 2017 and July 2017 were assessed to be highly effective and a net losses of ₹ 29,610,775 (March 31, 2016: a net losses of ₹ 90,200,083) was included in the hedging reserve for the year.

Note 31 : Lease

PDS Multinational Fashions Limited

(a) The Company has taken an office space located at Bangalore on lease. The lease agreement is valid till October, 2020 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 4,334,009 (March 31, 2016: ₹ 2,150,959) has been debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard - 19 "Leases" notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	3,773,456	3,593,766
Later than one year and not later than five years	10,312,650	14,086,106
Total	14,086,106	17,679,872

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Corporate Office at Bangalore	30.10.2020	Yes	Yes	No

(Currency : ₹ except otherwise specified)

- (b) The Company has taken an office space located at New Delhi on lease. The Lease agreement was valid upto July 2017, however the space was vacated in March, 2017 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 690,711 (March 31,2016 : ₹ 686,023) has debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard - 19 "Leases" notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under :-

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	-	605,880
Later than one year and not later than five years	-	201,960
Total	-	807,840

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Office at Delhi	31.07.2017	Yes	Yes	No

- (c) The Company has taken an office space located at Tripur, Tamil Nadu on lease. The lease agreement is valid till July, 2017 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 152,100 (March 31,2016: ₹ 122,850) has been debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard - 19 "Leases" notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	42,900	167,700
Later than one year and not later than five years	-	42,900
Total	42,900	210,600

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Office at Tripur, Tamil Nadu	30.06.2017	Yes	Yes	No

- (d) The Company has during the year taken an office space located at Tripur, Tamil Nadu on lease. The lease agreement is valid till September, 2019 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 182,467 (March 31,2016: Nil) has been debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard - 19 "Leases" notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	311,492	-
Later than one year and not later than five years	488,812	-
Total	800,303	-

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Office at Tripur, Tamil Nadu	13.09.2019	Yes	Yes	No

Multinational Textile Group Limited and its subsidiaries

Operating Lease Commitments

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, Peoticgem International Limited, FX Import Company Limited and FX Import Hong Kong Limited had outstanding commitments for future minimum lease payments under its non-cancellable operating leases, which fall due as follows

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

Particulars	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Minimum lease payments under operating lease recognized in the consolidated statement of profit & loss for the year	24,917,753	27,431,037

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, Peoticgem International Limited, FX Import Company Limited and FX Import Hong Kong Limited had outstanding commitments for future minimum lease payments under its non-cancellable operating leases, which fall due as follows

(Amount in ₹)

Particulars	Land & Buildings	Others	Land & Buildings	Others
	As At March 31, 2017	As At March 31, 2017	As At March 31, 2016	As At March 31, 2016
Within one year	113,112,213	5,720,379	120,556,035	4,601,843
In the second to fifth years	82,031,418	5,682,383	82,689,830	87,489
More than 5 years	577,400	-	5,270,648	-
Total	195,721,031	11,402,762	208,516,514	4,689,332

Operating lease payments represent rent payable by the subsidiaries and sub-subsidiaries for its rented premises. Leases are negotiated for an average term of one to four years.

Norwest Industries Limited and its subsidiaries (as lessee)

Norwest Industries Limited and its subsidiaries lease certain of its staff quarters and office properties under operating lease commitments. Leases for these properties are negotiated for terms ranging from “one to four” years.

Norwest Industries Limited and its subsidiaries (as lessor)

Norwest Industries Limited and its subsidiaries leased part of its investment property (note 17 of the consolidated financial statements) under an operating lease commitments with the lease negotiated for a term of four years. At 31 March 2017, the Group and the Company had a total future minimum lease receivables of ₹ 2,792,724 (March 31, 2016: ₹ 21,639,433) under a non-cancellable operating lease falling within a year.

Note 32:

In case of Parent Company, details of Specified Bank Notes (SBN) held and transacted during the period specified vide MCA notification G.S.R. 308 (E) dated March 30, 2017

Particulars	SBNs	Other Denomina- tion Notes	Total
Closing Cash in Hand as on 08.11.2016	–	2,825	2,825
(+) Permitted Receipts (including Bank withdrawals)	–	95,000	95,000
(–) Permitted Payments	–	86,000	86,000
(–) Amount deposited in Banks	–	–	–
Closing Cash in Hand as on 30.12.2016	–	11,825	11,825

Note 33:

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates/ Joint Ventures.

Name of Enterprises	Net Assets i.e. total assets minus total liability and Minority Interest		Share in profit or loss	
	As % of consolidated net assets	Amount (₹) in lacs	As % of consolidated profit or loss	Amount (₹) in lacs
Parent				
PDS Multinational Fashions Limited	22.36	10,351	3.54	51
Foreign Subsidiary				
Multinational Textile Group Limited	77.64	35,946	96.46	1,379
Minority Interest	100	46,297	100	1,430

Note 34: The Company has not spent any amount towards Corporate Social Responsibility during the financial year 2016-17. As certified by the Management and as per sub-section (1) of Section 135 of the Companies Act, 2013 read with Rule 3 of Companies (Corporate Social Responsibility Policy) Rules, 2014; the Company is not required to spend any amount towards CSR activities during the financial year 2016-17.

Note 35: 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 36: The process of receiving confirmation from trade payables & receivables is an ongoing process and as at March 31, 2017, the Company is in process of receiving the confirmations from the parties.

Note 37: Figures are rounded off to the nearest rupee.

Note 38: The process of receiving confirmation from trade payables & receivables is an ongoing process and as at March 31, 2017 the Company is in process of receiving the confirmations from the parties.

Note 39: Previous Year figures have been regrouped and reclassified wherever necessary.

For & on behalf of the Board of Directors of PDS Multinational Fashions Limited

(Payel Seth)
Managing Director
DIN 00003035

(Deepak Seth)
Director
DIN 00003021

(Omprakash M.S. Setty)
Chief Financial Officer

(B. Chandra Sekhra Reddy)
Company Secretary

Place : Gurgaon
Date: May 29, 2017

Independent Auditor's Report

To The Members of PDS Multinational Fashions Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **PDS Multinational Fashions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, 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 on standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2017, its profit and cash flows for the year ended on that date.

Report on Other Legal & Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. On the basis of written representations received from the management of the Company, the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 9 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of account maintained by the Company. – Refer Note No 25 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm Registration Number 001478N/N500005

(Sandeep Dinodia)
Partner
Membership No. 083689

Place: Gurgaon
Date: May 29, 2017

Annexure 'A' to the Independent Auditors' Report of even date on the standalone financial statement of PDS Multinational Fashions Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PDS Multinational Fashions Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Dinodia & Co. LLP

Chartered Accountants,
Firm Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner
Membership No. 083689

Place: Gurgaon

Date : May 29, 2017

Annexure 'B' To the Independent Auditors' Report

The Annexure referred to in independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2017; we report that:

- i) In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified at periodic intervals. In accordance with this programme for the year, no material discrepancies were noticed on such verification. In our opinion, such periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c) On the basis of written representation received from the management of the Company, the title deeds of immovable properties are in the name of the company.
- ii) The Company do not carry any inventory do not carry inventory as at reporting date & during the year, hence the provisions of paragraph 3(ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iii) (a) to (c) According to the information and explanation given to us, the Company had not granted loans, secured or unsecured, to any of the Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of paragraph 3(iii) (a) to (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iv) According to the information and explanation given to us, the Company has no loans, guarantees, investments and security covered under the provisions of section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- v) In our opinion and according to the information and explanation given to us, since the Company has not accepted any deposits therefore the question of the compliance of any directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under does not arise.
- vi) On the basis of available information and explanation provided to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014 dated December 31, 2014 to the current operations carried out by the Company. Accordingly, the provisions of paragraph 3(vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vii) In respect of Statutory Dues:
 - a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities. However, the provisions of duty of Customs and duty of Excise are not applicable to the Company. There were no undisputed amounts payable/in arrears in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and any other material statutory dues as at March 31, 2017 for a period of more than six months from the date they became payable.
 - b) According to the records of the Company examined by us and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the following:

S.No	Name of the Statute	Nature of Dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
1.	Stamp Act	Stamp Duty on Demerger	14,820,000	A.Y. 2014–15	Delhi High Court
2.	Income Tax Act	Income tax demand u/s 143(3)	285,481 (Net of ₹ 50,379 paid under protest)	A.Y. 2014–15	Commissioner of Income Tax Appeal

- viii) On the basis of information and explanation provided to us, the Company has not defaulted in repayment of loans and borrowings to financial institution and bank. The Company has not taken any loan from Government or has not issued any debentures during the year.
- ix) The Company did not raise any money by the way of initial public or further public offer (including debt instruments) during the year. However, the term loans taken during the year are applied for the purpose for which the same has been raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has paid/provided managerial remuneration in accordance with provisions of section 197 read with Schedule V to the Companies Act, 2013 as applicable to the Company.
- xii) The Company is not a nidhi company and hence the provisions of paragraph 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xiii) During the course of our examination of the books and records of the Company, all transactions entered with the related parties are in compliance with section 177 & 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc, as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of paragraph 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

For S.R. Dinodia & Co. LLP

Chartered Accountants,
Firm Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner

Membership No. 083689

Place : Gurgaon
Date: May 29, 2017

**BALANCE SHEET AS AT MARCH 31, 2017**

(Currency : ₹ except otherwise specified)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. Equity and Liabilities			
Shareholders' funds			
(a) Share Capital	3	260,467,240	260,467,240
(b) Reserves and Surplus	4	774,613,997	769,552,365
		<u>1,035,081,237</u>	<u>1,030,019,605</u>
Non-current liabilities			
(a) Long Term Borrowings	5	133,980,567	133,335,140
(b) Deferred Tax Liabilities (Net)	6	–	–
(c) Long-Term Provisions	7	7,478,808	3,733,860
		<u>141,459,375</u>	<u>137,069,000</u>
Current liabilities			
(a) Short-Term Borrowings	8	80,000,000	80,000,000
(b) Trade Payables	9		
– Total outstanding dues of Micro and Small enterprises		–	–
– Other payables		16,437,786	11,635,747
(c) Other Current Liabilities	9	150,939,522	65,997,049
(d) Short-Term Provisions	7	643,968	375,201
		<u>248,021,276</u>	<u>158,007,997</u>
Total		<u>1,424,561,888</u>	<u>1,325,096,602</u>
II. Assets			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	10	51,098,103	37,584,766
(ii) Intangible assets	10	9,347,917	6,040,364
(iii) Capital work-in-progress	10	311,949,984	229,306,985
(b) Deferred Tax Assets	6	913,971	3,247,299
(c) Non-Current Investments	11	1,005,025,338	1,005,025,338
(d) Long-Term Loans and Advances	12	5,783,379	18,295,085
(e) Non Current Assets	13	112,987	105,316
		<u>1,384,231,679</u>	<u>1,299,605,153</u>
Current assets			
(a) Trade Receivables	13	–	–
(b) Cash and Other Bank Balances	14	33,344,322	14,535,463
(c) Short-Term Loans and Advances	12	6,953,887	10,827,289
(d) Other Current Assets	13	32,000	128,698
		<u>40,330,209</u>	<u>25,491,449</u>
		<u>1,424,561,888</u>	<u>1,325,096,602</u>
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

Firm's Registration Number: 001478N/N500005

For & on behalf of the Board of Directors of PDS Multinational Fashions Limited

(Sandeep Dinodia)

Partner

Membership No. 083689

(Payel Seth)

Managing Director

DIN 00003035

(Deepak Seth)

Director

DIN 00003021

Place : Gurgaon

Date: May 29, 2017

(Omprakash M.S. Setty)

Chief Financial Officer

(B. Chandra Sekhara Reddy)

Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	Note No.	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
I Revenue from operations	15	133,866,524	248,979,624
II Other Income	16	749,201	1,101,061
III Total Revenue (I+II)		134,615,725	250,080,685
IV Expenses:			
(a) Purchase of Traded Goods	17	–	121,953,929
(b) Employee Benefits Expense	18	77,154,942	66,227,280
(c) Finance Cost	19	422,889	2,854,752
(d) Depreciation and Amortization Expense	10	7,685,890	11,864,849
(e) Other Expenses	20	41,954,217	49,297,131
Total Expenses		127,217,938	252,197,941
V. Profit before exceptional and extraordinary items and tax (III–IV)		7,397,787	(2,117,255)
VI. Exceptional Items	21	2,826	1,863,440
VII. Profit/(Loss) before tax (V–VI)		7,394,961	(3,980,695)
VIII. Tax expense:			
(a) Current Tax		–	–
(b) Deferred Tax (charge)/Release		2,333,329	(5,379,749)
IX. Profit after tax (VII–VIII)		5,061,633	1,399,054
X. Earnings per equity share:			
(a) Basic	22	0.19	0.05
(b) Diluted		0.19	0.05
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financials statements

As per our Audit Report of even date attached

For S.R. Dinodia & Co. LLP.

Chartered Accountants

Firm's Registration Number: 001478N/N500005

For & on behalf of the Board of Directors of PDS Multinational Fashions Limited

(Sandeep Dinodia)

Partner

Membership No. 083689

Place : Gurgaon

Date: May 29, 2017

(Payel Seth)

Managing Director

DIN 00003035

(Omprakash M.S. Setty)

Chief Financial Officer

(Deepak Seth)

Director

DIN 00003021

(B. Chandra Sekhara Reddy)

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
A. Cash Flow from Operating Activities		
Net Profit Before Tax	7,394,961	(3,980,695)
Adjustments For :		
Depreciation and Amortisation	7,685,890	11,864,849
Interest Paid	422,889	2,854,752
Interest on Fixed Deposit	11,866	(87,528)
Sundry Balances Written Back	(211,261)	(818,989)
Loss on Sale of Fixed Assets	2,826	1,863,440
Operating Profit Before Working Capital Changes	15,283,439	11,695,829
(Increase)/Decrease In Trade And Other Receivables	10,089,027	653,642
(Increase)/Decrease In Loans & Advances	4,012,812	(5,653,547)
(Decrease)/Increase in Trade Payables	62,806,671	19,831,463
(Decrease)/Increase in Provisions	4,013,715	1,836,708
Cash Generated From Operations	96,205,664	28,364,095
Income Taxes Paid (Net of Refunds)	(820)	(24,430)
Net Cash Provided / (Used) In Operating Activities	(A) 96,204,844	28,339,665
Cash Flow from Investing Operations		
Purchase of Fixed Assets (Net)	(107,152,604)	(138,411,287)
Sundry Creditors on Account of Capital Expenditure	9,934,358	10,404,786
Capital Advances	12,373,116	(4,494,492)
Sale of Fixed Assets	-	1,166,603
Interest On Fixed Deposit	11,866	87,528
Net Cash Provided / (Used) In Investing Activities	(B) (84,833,264)	(131,246,862)
Cash Flow From Financing Activities		
Interest Paid	(422,889)	(2,854,752)
Proceeds from Loan Term Borrowings	32,900,000	140,000,000
Repayment of Long Term Borrowings	(15,039,831)	(37,063,029)
Net Cash Generated /(Used) In Financing Activities	(C) 17,437,280	100,082,219
Net (Decrease)/ Increase In Cash Or Cash Equivalents	(A+B+C) 28,808,859	(2,824,978)
Cash / Cash Equivalents At The Beginning Of The Year (Refer Note 14)	4,535,463	7,360,441
Cash / Cash Equivalents At The Close Of The Year (Refer Note 14)	33,344,322	4,535,463
Notes to Cash Flow Statements		
Components of Cash and Cash equivalents		
i) Balances with Banks		
– In Current Accounts	33,322,010	4,532,638
ii) Cash on Hand	22,312	2,825
	33,344,322	4,535,463

The accompanying notes are an integral part of the financials statements

As per our Audit Report of even date attached

For S.R. Dinodia & Co. LLP.
Chartered Accountants
Firm's Registration Number: 001478N/N500005

**For & on behalf of the Board of Directors
of PDS Multinational Fashions Limited**

(Sandeep Dinodia)
Partner
Membership No. 083689

(Payel Seth)
Managing Director
DIN 00003035

(Deepak Seth)
Director
DIN 00003021

Place : Gurgaon
Date: May 29, 2017

(Omprakash M.S. Setty)
Chief Financial Officer

(B. Chandra Sekhara Reddy)
Company Secretary

Notes To The Consolidated Financial Statements For The Year Ended March 31, 2017

Note 1: Corporate Information

PDS Multinational Fashions Limited is a Public Limited Company (hereinafter referred as 'the Company') domiciled in India and has its registered office at 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bangalore – 560102, Karnataka. The Company is engaged in trading of ready to wear apparels, providing services to group companies engaged in the export of ready to wear apparels and sourcing & distribution of their products. The Company has its primary listings on Bombay Stock Exchange and National Stock Exchange in India.

Note 2: Significant Accounting Policies

2.1 Accounting Convention

The financial statements have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention and on an accrual basis of accounting. The Company has complied in all material respects with Accounting Standard notified under section 133 of the Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Uses of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amount(s) of revenues, expenses, assets & liabilities (including contingent liabilities) at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount(s) of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3 Summary of Significant Accounting Policies

a) Inventory

Inventories are valued at the lower of cost and net realisable value. Cost includes purchase price, duties, non

refundable taxes and all other costs incurred in bringing the inventory to their present location. Cost is calculated on First in First out (FIFO) method.

b) Tangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes non-refundable taxes, duties, freight, insurance, labour cost, allocable borrowing costs and other directly attributable cost to the construction / acquisition of the assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Gain or loss arising on account of sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss in the year in which the asset is sold.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

c) Intangible Assets

Intangible asset comprise computer softwares which are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss (if any).

d) Depreciation/Amortisation

Depreciation on tangible fixed assets except leasehold improvements is provided on straight-line method over the useful lives of assets as per Schedule II to the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged to Statement of Profit & Loss. Leasehold improvements are amortised over the lease term or the useful life of the assets whichever is earlier. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the Company for their use. In case of the trade mark capitalised, the Company is amortizing it over period of 5 years from the date of capitalisation.

e) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria:

- (i) Revenue from sale of service is recognized on cost plus method; when services are rendered and same becomes chargeable (except for secretarial expenses and expenses relating to trading/domestic activities). Service Income comprises of amounts billed for providing services such as Corporate Strategic/ Management and support services rendered to

inter-company affiliate(s) in accordance with terms of agreements entered into with them.

- (ii) Revenue from sale of traded goods (including samples) is recognised on accrual basis and when all the significant risk and rewards of ownership have been passed to the buyer. The sales are accounted for net of trade discount, sales tax/value added tax as applicable and sales return.
- (iii) Revenue relating to interest income is recognised on time proportionate basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

f) Foreign Currency Transactions

- (i) **Initial Recognition:** Transactions denominated in foreign currencies are recorded at an exchange rate prevailing at the time of the transaction.

Conversion: Monetary items denominated in foreign currency are reported using the closing exchange rate on each Balance Sheet Date. Non – monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange difference: The exchange difference arising on the settlement of monetary items or reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income/expense in the period in which they arise.

- (ii) Non Current Investment in foreign entities are recorded at the exchange rates prevailing on the date of making the investments.

g) Employee's Benefits

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employees Benefits (Revised 2005) :

- (i) **Short Term Employee Benefits:** Short term employee benefits are recognised as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered. Terminal Benefits are recognized as an expense immediately.
- (ii) **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.
- (iii) **Defined Benefit Plan :** The cost of providing defined benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses

are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefit become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

- (iv) **Other Long term Benefits :** Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognised immediately in the Statement of Profit and Loss.

h) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized as part of the cost of assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

i) Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit (CGU) may be impaired. If any indication exists, the recoverable amount of the same is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets' recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have

determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

j) Leases

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 in case of Operating Leases are charged to the Statement of Profit & Loss on accrual basis on straight line basis.

k) Taxes On Income

Tax expense comprises current and deferred tax

Current income–tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals with respect to the Company. 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 the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred income taxes

Deferred tax 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 tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re–assess realization.

l) Provision, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires

an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

m) 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 antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

n) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard –3(AS–3) “ Cash Flow Statement”.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

p) Classification of Current / Non Current Assets and Liabilities

All assets and liabilities are presented as Current or Non Current as per the Company’s normal operating cycle and other criteria set out in Schedule II of the Companies Act, 2013. Based on the nature of products and time between acquisition of assets and disposal of liabilities, the Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

(Currency : ₹ except otherwise specified)

Note 3 : Share Capital

	As at March 31, 2017	As at March 31, 2016
Authorised		
27,000,000 (March 31, 2016: 27,000,000) Equity Shares of ₹ 10/- each	270,000,000	270,000,000
	270,000,000	270,000,000
Issued, Subscribed & Paid-up		
26,046,724 (March 31, 2016: 26,046,724) Equity Shares of ₹10/-each fully paid	260,467,240	260,467,240
	260,467,240	260,467,240

a) Reconciliation Statement of Equity Share Capital

	March 31, 2017		March 31, 2016	
	No. of shares	Amount	No. of Shares	Amount
Balance of Shares at the beginning of the year	26,046,724	260,467,240	26,046,724	260,467,240
Add:- Addition during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
Balance of Shares at the end of the year	26,046,724	260,467,240	26,046,724	260,467,240

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. On winding up of the Company, the holders of these equity shares will be entitled to receive residual 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% shares in the company

	March 31, 2017		March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Payel Seth	13,875,242	53.27	13,875,242	53.27
Mr. Deepak Seth	1,853,398	7.12	1,853,398	7.12
Mr. Pallak Seth	1,581,174	6.07	1,581,174	6.07

d) For a period of 5 years immediately preceding the date of Balance sheet Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

Equity Share Capital	<u>25,996,724</u>
(Being shares issued to shareholders of Pearl Global Industries Limited, in terms of Scheme of Demerger, in Financial year 2014-15)	<u>25,996,724</u>

Note 4: Reserve and Surplus

	As at March 31, 2017	As at March 31, 2016
Capital Reserve		
At the beginning of the year	807,807,100	807,807,101
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
At the end of the year	(A) 807,807,100	807,807,101
Surplus / Profit & Loss		
At the beginning of the year	(38,254,736)	(39,653,790)
Add:- Profit/(Loss) for the year	5,061,633	1,399,054
At the end of the year	(B) (33,193,103)	(38,254,736)
Total Reserve & Surplus (A+B)	774,613,997	769,552,365

(Currency : ₹ except otherwise specified)

Note 5 : Long Term Borrowings	Non-Current Portion		Current Maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Loan From Financial Institution (Secured)				
– Vehicle Loan (Refer Note 'a')	1,697,958	835,140	1,341,298	593,947
Loan from Banks (Unsecured)				
– Term Loan (Refer Note 'b')	132,282,609	132,500,000	30,217,391	13,750,000
	133,980,567	133,335,140	31,558,689	14,343,947
Less: – Amount disclosed in Other Current Liabilities (Refer Note 9)	–	–	31,558,689	14,343,947
	133,980,567	133,335,140	–	–
The above amount includes –				
Secured borrowings	1,697,958	835,140	1,341,298	593,947
Unsecured borrowings	132,282,609	132,500,000	30,217,391	13,750,000

a) In case of Secured Loan the terms of Security are :-

(i) Vehicle Loan:

- Vehicle loan taken from BMW Financial Services is secured against hypothecation of respective vehicle. The applicable rate of interest ranges between 10 to 11 % per annum.
- Vehicle loan of ₹ 29 lacs taken by the Company, from the Kotak Mahindra Prime Limited, during the current financial year is secured against hypothecation of respective vehicle. The applicable rate of interest ranges between 9% to 10% per annum.

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

No. of Outstanding EMI as on March 31, 2017	15	36
Particulars	BMW Car Loan	Toyota Camry Car Loan
Amount repayable in	Amount (₹)	Amount (₹)
FY 2017–18	659,401	681,897
FY 2018–19	175,740	751,785
FY 2019–20	–	828,840

b) In case of unsecured term loan the terms of loan are :-

- (i) Term Loan of ₹ 15 crores taken by the Company is guaranteed by Stand by Documentary Credit (SBDC) documents of its step down subsidiary, Norwest Industries Limited with HSBC Hong Kong. The maximum tenor of term loan is 7 years with 1 year moratorium period and it is repayable in equal quarterly installments over the said tenure.
- (ii) Term Loan of ₹ 3 Crore (March 31, 2016 : ₹ Nil) taken by the Company during the current financial year is also guaranteed by Stand by Documentary Credit (SBDC) documents of its step down subsidiary, Norwest Industries Limited with HSBC Hong Kong. The maximum tenor of term loan is 6 years and it is repayable in equal quarterly installments over the said tenor.
- (iii) Term Loan carries interest ranging from 10.9% to 12%.

(iv) Maturity profile of Unsecured Term loan is set out as below:

No. of Outstanding Quarterly Installments as at March 31, 2017	20	23	23
Amount repayable in	Term Loan of ₹ 9 crores	Term Loan of ₹ 6 crores	Term Loan of ₹ 3 crores
FY 2017–18	15,000,000	10,000,000	5,217,391
FY 2018–19	15,000,000	10,000,000	5,217,391
FY 2019–20	15,000,000	10,000,000	5,217,391
FY 2020–21	15,000,000	10,000,000	5,217,391
FY 2021–22	15,000,000	10,000,000	5,217,391
FY 2022–23	–	7,500,000	3,913,043

(Currency : ₹ except otherwise specified)

Note 6 : Deferred Tax Liabilities / (Assets) (Net)		As at March 31, 2017	As at March 31, 2016
Deferred Tax Liabilities			
Fixed assets : Impact of difference between depreciation as per Income Tax Act and depreciaton/amortization charged for financial reporting		4,184,580	2,177,274
Gross Deferred Tax Liabilities	(A)	<u>4,184,580</u>	<u>2,177,274</u>
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		2,938,245	1,881,315
Impact of expenditure charged to the statement of profit and loss on account of Provision for Doubtful Debts and advance.		1,669,225	1,669,225
Business Losses		491,080	1,874,033
Gross Deferred Tax Assets	(B)	<u>5,098,551</u>	<u>5,424,573</u>
Net Deferred Tax Liability/(asset)	(A – B)	<u>(913,971)</u>	<u>(3,247,299)</u>

	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Note 7 : Provisions				
Provisions for employees benefits				
Provision for Gratuity (Refer Note 18)	3,907,542	2,103,301	32,737	13,816
Compensated Absences (Refer Note 18)	3,130,504	1,418,862	605,182	353,325
Other provisions				
Provision for Lease Equalisation	440,762	211,697	6,049	8,060
Total	<u>7,478,808</u>	<u>3,733,860</u>	<u>643,968</u>	<u>375,201</u>

	As at March 31, 2017	As at March 31, 2016
Note 8 :Short Term Borrowings		
Unsecured Loan from Related Parties (Refer Note 'a' below)	30,000,000	30,000,000
Unsecured Loan from others (Refer Note 'b' below)	50,000,000	50,000,000
Total	<u>80,000,000</u>	<u>80,000,000</u>
The above amount includes		
– Secured borrowings	–	–
– Unsecured borrowings	80,000,000	80,000,000
	<u>80,000,000</u>	<u>80,000,000</u>

- a) Unsecured loan from related party outstanding as at March 31, 2017 is repayable on demand and carries interest rate of 10% p.a
b) Unsecured loan from others outstanding as at March 31, 2017 is repayable on demand and carries interest rate of 10% p.a.

(Currency : ₹ except otherwise specified)

Note 9 : Other Liabilities

	As at March 31, 2017	As at March 31, 2016
Trade Payables		
Amount due to Micro Small and Medium Enterprises (Refer Note 'a' below)		
– Principal Amount	–	–
– Interest Payable on Outstanding Amount	–	–
Amount due to Others	16,437,786	11,635,747
<i>(refer note (a) below for details of dues to micro and small enterprises)</i>		
Total (A)	16,437,786	11,635,747
Other Current Liabilities		
Current maturities of long-term borrowings (Refer Note 5)	31,558,689	14,343,947
Other Payables		
Statutory Liabilities	3,316,227	2,044,395
Advance from Customers	86,689,389	31,976,481
Interest Accrued but not due on borrowing from related parties	2,026,848	1,353,698
Interest Accrued but not due from banks and others	4,520,121	3,384,638
Creditors for Capital Goods	22,828,248	12,893,890
Total (B)	150,939,522	65,997,049
Total (A+B) (Refer note 'b' below)	167,377,308	77,632,796

(a) Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006

	As at March 31, 2017	As at March 31, 2016
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) The above amount does not includes any amount due to be transferred to Investor Education & Protection Fund		

c) Contingent liabilities

	As at March 31, 2017	As at March 31, 2016
Claims against company not acknowledged as debt *		
– On account of stamp duty on demerger	14,820,000	14,820,000
– On account of claim filed by supplier	11,466,301	10,266,301
Other money for which the Company is contingently liable*		
Disputed liability under Income Tax (Net of ₹ 50,379 paid under protest) (A.Y. 2014–15)	285,481	–
	26,571,782	25,086,301

* The Company has been advised that these demands are likely to be either deleted or substantially reduced and accordingly no provision is considered necessary in the books of account.

Note 10 : Fixed Assets

(Currency : ₹ except otherwise specified)

Particulars	Gross Block			Accumulated Depreciation / Amortization				Net Block	
	As At April 1, 2016	Addition during the year	Deletion During the Year	As at March 31, 2017	As At April, 2016	Depreciation charge for the year	Depreciation written back/ Adjustment	As at March 31, 2017	As At March 31, 2016
A. Tangible Assets									
Land	6,880,947	-	-	6,880,947	-	-	-	6,880,947	6,880,947
Buildings	21,342,556	-	-	21,342,556	6,774,611	257,102	-	14,310,843	14,567,945
Leasehold improvements	4,387,814	-	-	4,387,814	196,612	415,867	-	3,775,335	4,191,202
Office Equipments	1,698,464	384,854	13,000	2,070,318	817,583	368,979	10,174	893,929	880,881
Computers	4,015,417	12,503,602	-	16,519,019	2,988,486	2,256,390	-	11,274,143	1,026,931
Furniture and fixtures	2,925,465	613,935	-	3,539,400	217,399	294,429	-	511,828	3,027,572
Vehicle	3,575,000	4,537,515	-	8,112,515	1,121,348	905,523	-	2,026,872	6,085,643
Electrical Installations	5,102,477	472,450	-	5,574,927	227,335	497,903	-	4,849,689	4,875,142
Total Tangible Assets (I)	49,928,140	18,512,356	13,000	68,427,496	12,343,374	4,996,193	10,174	51,098,103	37,584,766
B. Intangible Assets									
Computer software	103,124,825	5,907,249	-	109,032,074	97,084,461	2,681,560	-	99,766,021	6,040,364
Trade Mark	-	90,000	-	90,000	-	8,137	-	81,863	-
Total Intangible Assets (II)	103,124,825	5,997,249	-	109,122,074	97,084,461	2,689,697	-	99,774,158	6,040,364
C. Capital Work in Progress									
CWIP	229,306,985	82,828,549	185,550	311,949,984	-	-	-	311,949,984	229,306,985
Total CWIP (III)	229,306,985	82,828,549	185,550	311,949,984	-	-	-	311,949,984	229,306,985
Grand Total (I+II+III)	382,359,950	107,338,154	198,550	489,499,554	109,427,835	7,685,890	10,174	372,396,004	272,932,115
March 31, 2016	252,701,354	138,411,287	8,752,691	382,359,950	103,285,634	11,864,849	5,722,648	272,932,115	149,415,720

a) The Break up of Capital work in progress is as under : -

Particulars	As At March 31, 2017	As At March 31, 2016
i) CWIP – Building		
– Construction Expenses	228,719,434	200,607,461
– Interest on Term loan as per AS-16	46,934,539	24,204,640
– Pre-operative expenses	13,346,900	4,404,884
ii) CWIP – Trade Mark	-	90,000
iii) CWIP – Interior Decoration	22,949,111	-
Total	311,949,984	229,306,985

(b) Capital Work in Progress includes interest on borrowing cost amounting to ₹ 46,934,539 (Net of Interest Income ₹ Nil) related to borrowed funds (March 31, 2016: ₹ 24,204,640 (Net of Interest Income ₹ 244,320)), in accordance with Accounting Standard-16 "Borrowing Cost".

(Currency : ₹ except otherwise specified)

Note 11 : Non-Current Investments

	As at March 31, 2017	As at March 31, 2016
Trade(Valued at cost unless otherwise stated)		
Unquoted equity instruments		
Investment in Wholly owned Subsidiary Company – Multinational Textiles Group Limited, Mauritius	1,005,025,338	1,005,025,338
21,948,270 (March 31, 2016: 21,948,270) Equity Shares of USD 1 each fully paid up Multinational Textiles Group Limited, Mauritius		
Total	1,005,025,338	1,005,025,338

a) Aggregate Book Value of Investments ₹1,005,025,338 (March 31, 2016: ₹1,005,025,338)

b) Aggregate Market Value of Investments Nil (March 31, 2016 : Nil)

Note 12 : Loans and Advances	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
(Unsecured, considered good)				
Capital Advances	2,352,649	14,725,765	–	–
(A)	2,352,649	14,725,765	–	–
Security Deposits	3,323,680	3,073,680	–	–
(B)	3,323,680	3,073,680	–	–
Advances recoverable in cash or in Kind	–	–	5,826	3,337,469
(C)	–	–	5,826	3,337,469
Other Loans and Advances				
Advance Tax [Net of provisions of Nil (March 31,2016:Nil)]	820	24,430	–	–
Balance with Government Authorities	50,379	–	560,723	–
Prepaid Expenses	55,851	171,210	6,311,562	4,777,576
Advance to Employees	–	300,000	75,776	170,158
Advance to Suppliers				
Unsecured – Considered Good	–	–	–	2,542,086
Unsecured, Considered Doubtful	–	–	1,197,948	1,197,948
Less : Provision for Doubtful Advances	107,050	495,640	8,146,009	8,687,767
(D)	107,050	495,640	6,948,061	7,489,819
Total (A+B+C+D)	5,783,379	18,295,085	6,953,887	10,827,289

	As at March 31, 2017	As at March 31, 2016
a) Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances)	11,960,085	27,998,110
	11,960,085	27,998,110

(Currency : ₹ except otherwise specified)

Note 13 : Trade Receivables & Other Assets	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Trade Receivable				
(Unsecured, considered good unless stated otherwise)				
Outstanding for a period more than six months from the date they are due for payment				
Unsecured, considered good	–	–	–	–
Unsecured, considered doubtful	–	–	4,204,076	4,204,076
	–	–	4,204,076	4,204,076
Less: Provision for Doubtful Debts	–	–	4,204,076	4,204,076
	–	–	–	–
Total (A)	–	–	–	–
Others Assets				
Deposit Accounts with original maturity more than 12 months (Refer Note below)	100,000	100,000	25,000	25,000
Interest accrued but not due	12,987	5,316	7,000	103,698
Total (B)	112,987	105,316	32,000	128,698
Total (A+B)	112,987	105,316	32,000	128,698

Note:

- (a) The deposit of ₹ 25,000 (March 31, 2016 : ₹ 25,000) is pledged with Commercial Tax department, Tirupur.
(b) The deposit of ₹ 100,000 (March 31, 2016 : ₹ 100,000) is pledged with Haryana VAT Department

Note 14 : Cash and Bank Balances	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Cash & Cash Equivalents				
Balances with Scheduled banks :				
– On current accounts	–	–	33,322,010	4,532,638
Cash on hand	–	–	22,312	2,825
(A)	–	–	33,344,322	4,535,463
Other Bank Balances				
Deposits with original maturity for more than 3 months but less than 12 months	–	–	–	10,000,000
Deposits with original maturity for more than 12 months	100,000	100,000	–	–
Less : Disclosed under non-current Assets (Refer Note 13)	(100,000)	(100,000)	–	–
(B)	–	–	–	10,000,000
Total (A+B)	–	–	33,344,322	14,535,463

(Currency : ₹ except otherwise specified)

Note 15 : Revenue from Operations	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Sale of Service (Refer Note ' a ' below)	133,866,524	118,835,668
Sales of Products (Refer Note ' b ' below)	–	130,143,956
Total	133,866,524	248,979,624
a) Detail of Service Rendered		
Business Services	133,866,524	118,835,668
	133,866,524	118,835,668
b) Detail of Products Sold (Traded)		
Sale of Garments	–	130,143,956
	–	130,143,956
c) Earnings in Foreign Exchange		
Business Services	133,866,524	118,835,668
	133,866,524	118,835,668
Note 16 : Other Income		
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Interest Income (Refer Note ' a ' below)	11,866	87,528
Sundry Balances written back	211,261	818,989
Miscellaneous Income	526,074	194,544
	749,201	1,101,061
a) Interest Income		
Interest on Fixed Deposit with Bank	10,766	7,755
Interest on Income Tax Refund	1,100	79,773
	11,866	87,528
Note 17 : Purchase of Traded Goods		
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Purchase of Finished Goods (Refer Note ' a ' below)	–	121,953,929
	–	121,953,929
a) Detail of purchase of Traded Goods		
Purchase of Garments	–	121,953,929
Note 18 : Employee Benefit Expenses		
	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Salaries & Wages	71,496,083	63,417,266
Gratuity (Refer Note Below)	1,823,162	1,134,400
Compensated Absences (Refer Note Below)	2,591,003	638,724
Contribution to Provident and other fund	964,037	690,912
Staff Welfare Expenses	280,657	345,978
Total	77,154,942	66,227,280

(I) The Company has classified the various benefits provided to employees as under:-
(i) Defined Contribution Plan

The Company makes contribution towards Provident Fund (PF) & Employee State Insurance (ESI) as defined contribution retirement benefit plan for the qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company contributes a specified percentage of payroll cost to the said schemes to fund the benefits. Similarly, contribution is made at a specified percentage in case of Employee State Insurance.

During the year company recognized ₹ 961,308 (March 31, 2016: ₹ 690,912) for provident fund contribution and ₹ 2,729 (March 31, 2016: ₹ Nil) for ESI contribution in the Statement of Profit and Loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

(ii) Defined Benefit Plan : It includes :

- Gratuity (Unfunded)
- Compensated Absence (Unfunded)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation is carried out in respect of aforesaid defined benefit plans and other long term benefits based on the assumption given in the table with subheading 'd' below. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation at year end. The obligation for leave encashment is recognized in the same manner as of gratuity.

(II) The details of Actuarial Valuation Certificate(s) are as under:-
a) Reconciliation of opening and closing balances of Defined Benefit Obligations

(Currency : ₹ except otherwise specified)

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Defined benefit obligations at beginning of the year	2,117,117	982,717	1,772,187	1,242,731
Service Cost	1,422,357	1,031,524	1,326,220	548,058
Interest Cost	169,369	76,161	141,775	96,312
Actuarial (gain)/loss on Obligation	231,436	26,715	1,123,008	(5,646)
Benefits paid	-	-	(627,504)	(109,268)
Defined Benefit Obligations at the end of the year	3,940,279	2,117,117	3,735,686	1,772,187

b) Reconciliation of fair value of Assets and Obligations

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Fair value of plan asset	-	-	-	-
Present value of obligation	3,940,279	2,117,117	3,735,686	1,772,187
Amount recognized in balance sheet	3,940,279	2,117,117	3,735,686	1,772,187

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Fair value of plan asset	-	-	-	-
Present value of obligation	982,717	Not Applicable	1,242,731	Not Applicable
Amount recognized in balance sheet	982,717		1,242,731	

Particulars	March 31, 2013	
	Gratuity (Unfunded)	Compensated Absences (Unfunded)
Fair value of plan asset	Not Applicable	
Present value of obligation	Not Applicable	
Amount recognized in balance sheet	Not Applicable	

c) Expense recognized during the year

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Current Service Cost	1,422,357	1,031,524	1,326,220	548,058
Interest Cost	169,369	76,161	141,775	96,312
Expected return on plan assets	–	–	–	–
Actuarial (gain)/loss	231,436	26,715	1,123,008	(5,646)
Net Cost	1,823,162	1,134,400	2,591,003	638,724

d) Actuarial Assumptions

Particulars	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount Rate (per annum)	7.37%	8.00%	7.37%	8.00%
Future increase in Compensation	5.50%	5.50%	5.50%	5.50%
In Service Mortality	IALM (2006–08)	IALM (2006–08)	IALM (2006–08)	IALM (2006–08)
Retirement age	58 Years	58 Years	58 Years	58 Years
Withdrawal rates				
– Upto 30 years	3.00%	3.00%	3.00%	3.00%
– Upto 44 years	2.00%	2.00%	2.00%	2.00%
– Above 44 years	1.00%	1.00%	1.00%	1.00%

a) The estimate of rate of escalation in Salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors on long term basis including supply and demand in the employment market.

Note 19 : Finance Cost

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Interest Expense		
– On Vehicle Loan	371,898	178,351
– On bank overdraft	50,991	2,676,401
Total	422,889	2,854,752

Note 20 : Other Expenses

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Sampling and designing expense	–	1,874
Electricity Charges	430,895	401,518
Rent	5,359,271	3,935,400
Rates & Taxes	1,048,650	711,821
Repair & maintenance – Office & Others	1,496,791	950,867
Legal & Professional (Refer Note ' c ' below)	9,348,303	8,975,516
Security Expenses	–	358,205
Commission & Brokerage	12,500	346,300
SAP Expenses	5,263,582	5,526,325
Travel & Conveyance (Refer Note ' b ' below)	10,451,979	11,046,674
Insurance expenses	574,823	1,005,226
Postage and courier	252,203	487,682
Communication	1,532,571	1,297,308
Printing & Stationery (Refer Note ' c ' below)	678,994	742,696
Advertisement & Sales promotion	249,237	483,162
Payment to Auditors (Refer Note ' a ' below)	2,308,625	1,832,000
Foreign Exchange Fluctuation (Net)	498,438	3,532,415
Advances Written off	271,945	–
Provision for Doubtful Trade Receivables	–	4,204,076
Provision for Doubtful Advance	–	1,197,948
Miscellaneous expenses	2,175,411	2,260,118
Total	41,954,217	49,297,131

(Currency : ₹ except otherwise specified)

a) Payment to Auditors	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
As Auditor:		
– Statutory Audit Fee	1,075,000	750,000
– Tax Audit Fee	225,000	200,000
– Limited Review	400,000	375,000
In other capacity		
– Others matters	307,500	275,000
– Service tax	301,125	232,000
– Out of Pocket expense	–	–
	2,308,625	1,832,000
b) Expenditure in Foreign Currency		
– Travelling Expenditure	159,421	189,506
	159,421	189,506
c) Prior Period Expenses		
The Company had identified that certain expenses/provisions were not recorded in the financial statements for earlier years, as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. These expenses/provisions have been disclosed as prior period items for corresponding figures of previous year which are as under:		
Prior Period Expenses :		
Printing & Stationery	–	25,832
Legal & Professional	56,000	20,723
	56,000	46,555

Note 21: Exceptional Items	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Loss on sale of fixed assets	2,826	1,863,440
	2,826	1,863,440

Note 22 : Earning Per Share (EPS)

Particulars	Basis	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Profit attributable to the equity shareholders	(A)	5,061,633	1,399,054
Basic/weighted average no. of equity shares outstanding during the year	(B)	26,046,724	26,046,724
Nominal value of Equity shares	(C)	10.00	10.00
Basic Earning per share	(D) = (A/B)	0.19	0.05
Diluted Earning per share	(E) = (A/B)	0.19	0.05

Note 23: Disclosure of related parties/related parties transaction
A. Name of the Related Parties and description of relationship

Nature of Relationship	Name of the Concern	Country of Incorporation/ Designation
Subsidiary Company	Multinational Textile Group Limited	Mauritius
Enterprise over which KMP can exercise significant influence	Digital Ecom Techno Pvt. Ltd.	India
	Pearl Global Industries Limited	
Key Managerial Personnel	Mrs. Payel Seth	Managing Director
	Mr. Deepak Seth	Director
	Mr. Pallak Seth	Director
	Mr. Chandra Kishore Jha	Company Secretary
	Mr. Chandra Shekhar Reddy (w.e.f November 14, 2016)	Company Secretary
	Mr. Omprakash Makam Suryanarayan Setty	Chief Financial Officer

B. Disclosure of Related Parties Transactions (includes all material transaction):
(i) Subsidiary Company

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Service Income	133,866,524	118,835,668
Advance received for services to be rendered	188,080,995	125,938,381
Closing Balance [Recoverable/ (Payable)]	(86,689,389)	(31,976,481)

(ii) Enterprise over which KMP can exercise significant influence

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Loan Received	–	30,000,000
Loan Repaid	–	30,000,000
Interest Expense	3,000,000	2,165,752
Closing Balance	32,026,848	31,353,698

(iii) Key Managerial Personnel

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Salary paid to : –		
– Mrs. Payel Seth (under Special resolution and pursuant to Section II of Part II of Schedule V of the Companies Act, 2013)	3,600,000	3,600,000
– Mr. Chandra Kishore Jha	425,781	756,604
– Mr. Chandra Shekhar Reddy	2,390,121	–
– Mr. Omprakash Makam Suryanarayan Setty	8,219,808	8,207,208

Note 24: Leases
Asset Taken on Lease

(a) The Company has taken an office space located at Bangalore on lease. The lease agreement is valid till October, 2020 and lease rentals (including transfer to lease equilisation reserve) amounting to ₹ 4,334,009 (March 31, 2016: ₹ 2,150,959) has been debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard – 19 “Leases” notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	3,773,456	3,593,766
Later than one year and not later than five years	10,312,650	14,086,106
Total	14,086,106	17,679,872

(Currency : ₹ except otherwise specified)

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Corporate Office at Bangalore	30.10.2020	Yes	Yes	No

- (b) The Company has taken an office space located at New Delhi on lease. The Lease agreement was valid upto July 2017, however the space was vacated in March, 2017 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 690,711 (March 31,2016 : ₹ 686,023) has debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard – 19 “ Leases” notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under: –

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	–	605,880
Later than one year and not later than five years	–	201,960
Total	–	807,840

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Office at Delhi	31.07.2017	Yes	Yes	No

- (c) The Company has taken an office space located at Tripur, Tamil Nadu on lease. The lease agreement is valid till July, 2017 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 152,100 (March 31,2016: ₹ 122,850) has been debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard – 19 “ Leases” notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	42,900	167,700
Later than one year and not later than five years	–	42,900
Total	42,900	210,600

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Re-nawal	Purchase Option
Office at Tripur, Tamil Nadu	30.06.2017	Yes	Yes	No

- (d) The Company has during the year taken an office space located at Tripur, Tamil Nadu on lease. The lease agreement is valid till September, 2019 and lease rentals(including transfer to lease equilisation reserve) amounting to ₹ 182,467 (March 31,2016: Nil) has been debited to the Statement of Profit and Loss during the year in pursuance of Accounting Standard – 19 “ Leases” notified under Company (Accounts) Rules 2014. Future minimum lease rentals as on March 31, 2017 are as under:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Not later than one Year	311,492	–
Later than one year and not later than five years	488,812	–
Total	800,303	–

Details of Leasing Agreement are enumerated below :-

Property taken at lease	Date of Termination of Lease	Esclation Clause	Terms of Renewal	Purchase Option
Office at Tripur, Tamil Nadu	13.09.2019	Yes	Yes	No

Note 25: Details of Specified Bank Notes (SBN) held and transacted during the period specified vide MCA notification G.S.R. 308 (E) date March 30, 2017

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	–	2,825	2,825
(+) Permitted Receipts (including Bank withdrawals)	–	95,000	95,000
(–) Permitted Payments	–	86,000	86,000
(–) Amount deposited in Banks	–	–	–
Closing Cash in Hand as on 30.12.2016	–	11,825	11,825

Note 26: The Company has not spent any amount towards Corporate Social Responsibility during the financial year 2016–17. As certified by the Management and as per sub-section (1) of Section 135 of the Companies Act, 2013 read with Rule 3 of Companies (Corporate Social Responsibility Policy) Rules, 2014; the Company is not required to spend any amount towards CSR activities during the financial year 2016–17.

Note 27: For the period ended March 31, 2017, the company has identified geographical segment as its primary segment and business segment as its secondary segment.

A. Geographical Segment

Particulars	India	Mauritius	Others	Total
Segment Revenue	–	133,866,524	–	133,866,524
Inter Segment Sales	–	–	–	–
Segment Sales	–	133,866,524	–	133,866,524
Other Operating Income	211,261	526,074	–	737,335
Total Segment Revenue	211,261	134,392,598	–	134,603,859
Total Revenue of each segment as a percentage of total revenue of all segment	–	100	–	100
Total Segment Operative Profit before Depreciation, Interest & Taxes/Extraordinary activities	(1,055,854)	22,168,693	(5,618,139)	15,494,700
Less : Depreciation for the year	–	7,418,596	267,294	7,685,890
Total Segment Result before Interest & Taxes/Extraordinary items	(1,055,854)	14,750,097	(5,885,433)	7,808,810
Less: Loss on sale of Assets	–	2,826	–	2,826
Total Segment Result before Interest & Taxes	(1,055,854)	14,747,271	(5,885,433)	7,805,985
Total EBIT of each segment as a percentage of total EBIT of all segment	(14)	189	(75)	100
Net Financing Cost	–	–	411,023	411,023
Income Tax Expenses	–	–	(2,333,329)	(2,333,329)
Profit/(Loss) for the Year after taxes	(1,055,854)	14,747,271	(8,629,785)	5,061,633
Segment Assets	145,807	394,932,333	1,029,483,748	1,424,561,888
Segment Assets as a percentage of Total assets of all segments	–	28	72	100
Segment Liabilities	–	117,605,434	271,875,217	389,480,651
Segment Liabilities as a percentage of Total Liabilities of all segments	–	30	70	100
Segment Capital Employed	145,807	277,326,902	757,608,532	1,035,081,240
Segment Capital Employed as a percentage of Total capital employed of all segments	–	27	73	100
Capital Expenditure incurred during the year	–	24,509,605	82,642,999	107,152,604

(Currency : ₹ except otherwise specified)

B. Business Segment

Particulars	Trading of Garment Apparels	Service	Others	Total
Segment Revenue	–	133,866,524	267,294	134,133,818
Inter Segment Sales	–	–	–	–
Total Segment Sales	211,261	133,866,524	–	134,077,785
Other Operating Income	–	526,074	–	526,074
Total Segment Revenue	211,261	133,866,524	–	134,077,785
Total Revenue of each segment as a percentage of total revenue of all segment	–	100	–	100
Total Segment Operative Profit before Depreciation, Interest & Taxes/Extraordinary activities	(1,055,854)	22,168,693	(5,618,139)	15,494,700
Less : Depreciation for the year	–	7,418,596	267,294	7,685,890
Total Segment Result before Interest & Taxes/Extraordinary items	(1,055,854)	14,750,097	(5,885,433)	7,808,810
Less: Loss on sale of Assets	–	2,826	–	2,826
Total Segment Result before Interest & Taxes	(1,055,854)	14,747,271	(5,885,433)	7,805,985
Total EBIT of each segment as a percentage of total EBIT of all segment	(14)	189	(75)	100
Net Financing Cost	–	–	411,023	411,023
Income Tax expenses	–	–	(2,333,329)	(2,333,329)
Profit/(Loss) for the year	(1,055,854)	14,747,271	(8,629,785)	5,061,633
Segment Assets	145,807	394,932,333	1,029,483,748	1,424,561,888
Segment Assets as a percentage of Total assets of all segments	–	28	72	100
Segment Liabilities	–	117,605,434	271,875,217	389,480,651
Segment Liabilities as a percentage of Total Liabilities of all segments	–	30	70	100
Segment Capital Employed	145,807	277,326,902	757,608,532	1,035,081,240
Segment Capital Employed as a percentage of Total capital employed of all segments	–	27	73	100
Capital Expenditure incurred during the year	–	24,509,605	82,642,999	107,152,604

There are no inter segment sales and other incomes in the business segment reported above.

Note 28: In view of the management, the Current Assets, Loans & Advances 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, 2017.

Note 29: The process of receiving balance confirmation from trade payables and their reconciliation is an ongoing process. The balances of certain trade payables are subject to reconciliation and confirmation as at March 31, 2017.

Note 30: 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 regularly updates 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 31: Previous year figures have been regrouped & reclassified wherever considered necessary.

Note 32: The figures are rounded off to the nearest rupee.

For & on behalf of the Board of Directors of PDS Multinational Fashions Limited

(Payel Seth)
Managing Director
DIN 00003035

(Deepak Seth)
Director
DIN 00003021

(Omprakash M.S. Setty) (B. Chandra Sekhra Reddy)
Chief Financial Officer Company Secretary

Place : Gurgaon
Date: May 29, 2017



PDS MULTINATIONAL FASHIONS LIMITED

Registered Office: No. 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bangalore-560102, Karnataka, India
Tel: 080-67653000, Website: www.pdsmultinational.com; E-mail: investors@pdsmultinational.com
CIN: L18101KA2011PLC094125

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L18101KA2011PLC094125
Name of the Company : PDS MULTINATIONAL FASHIONS LIMITED
Registered Office : No. 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bangalore-560102
Name of the Member(s) :
Registered address :
E-mail ID :
Folio No/Client id :
DP ID :

I/We, being the member(s) of.....equity shares of ₹10/- each of PDS Multinational Fashions Limited, hereby appoint

(i) Name: Address:

E-Mail Signature or failing him/her

(ii) Name: Address:

E-Mail Signature or failing him/her

(iii) Name: Address:

E-Mail Signature or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 6th Annual General Meeting of the Company, to be held on Wednesday, 27th September, 2017 at 12.15 P.M at Clarks Exotica, Swiss Town, Hollywood Junction, Sadahalli Post, Devanahalli Road, Bengaluru - 562110, Karnataka, India and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution Number	Description	No of Shares held by me	Optional*	
			I assent to the resolution (For)	I dissent from the resolution (Against)
Ordinary Business :				
1.	To receive, consider and adopt Audited Financial Statements of the Company on Standalone and Consolidated basis, for the financial year ended on 31 st March, 2017, together with the Reports of Auditor and Directors thereon.			
2.	To appoint a Director in place of Mr. Pallak Seth, who retires by rotation and being eligible, offers himself for reappointment.			
3.	To ratify the appointment of M/s S. R. Dinodia & Co. LLP. Chartered Accountants, (Regn.No.001478N/N500005), New Delhi, as Statutory Auditor of the Company and to fix their remuneration.			

Signed this.....day of2017

Signature of the Shareholder(s).....

Signature of the Proxy holder(s).....



Note:

- This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the Commencement of the Meeting.
- *It is optional to put in the appropriate column blank against any or all resolutions indicated in the Box. If you leave the 'For' or 'Against' any or all resolution, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- In case of Joint holders, the Signature of any one holder will be sufficient, but names of all the shareholders should be stated.

Route Map to the venue of the 6th Annual General Meeting of PDS Multinational Fashions Limited





Manufacturing Facilities



PDS Multinational Fashions Limited
Registered Office

No. 758 & 759, 2nd Floor, 19th Main,
HSR Layout, Sector-II, Bangalore - 560102, Karnataka

CIN : L18101KA2011PLC094125

Website: www.pdsmultinational.com