

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

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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@psdmultinational.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