

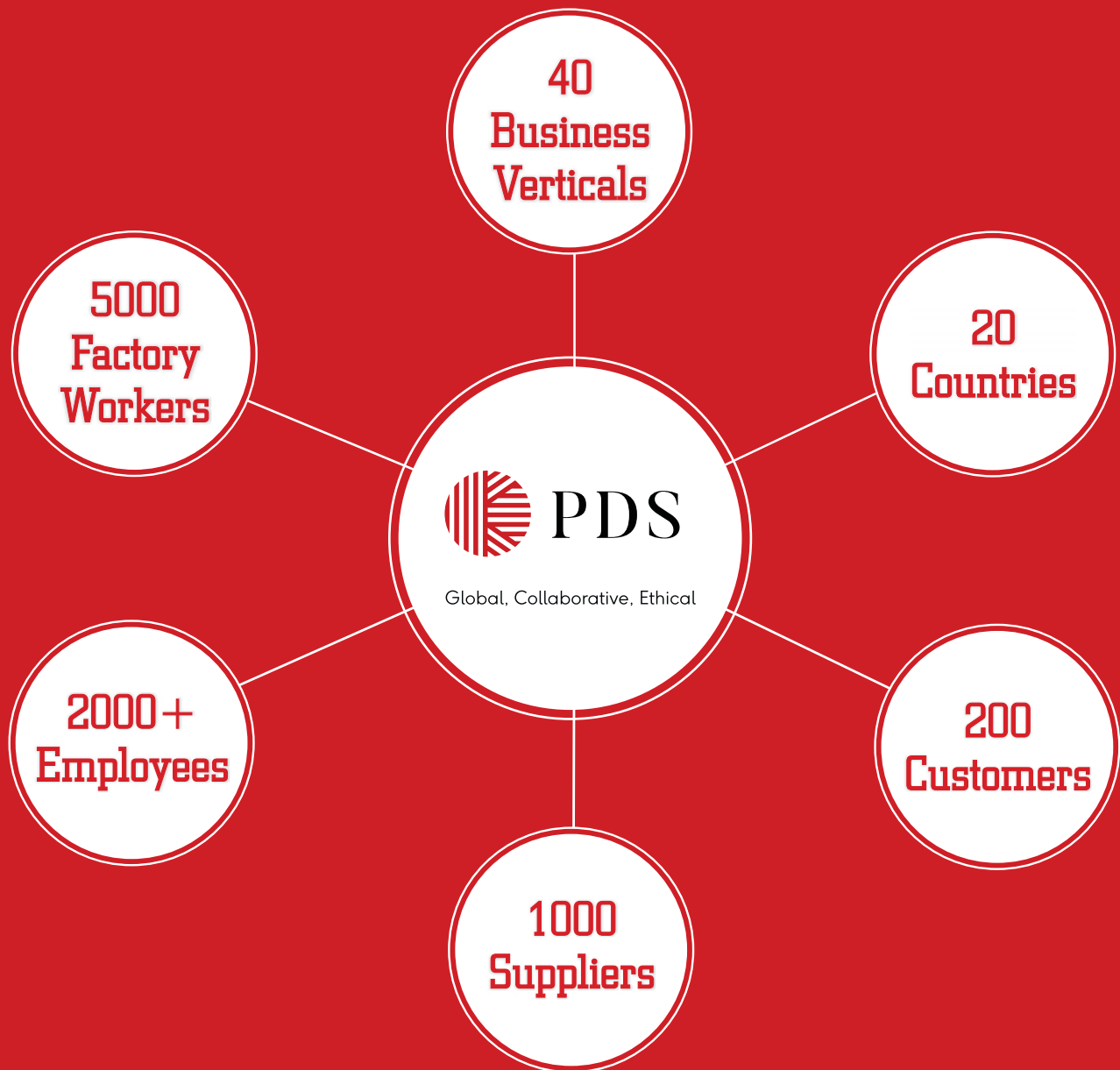


Global, Collaborative, Ethical

# 8<sup>TH</sup> Annual Report 2018-19



**PDS MULTINATIONAL FASHIONS LIMITED**



## Corporate Information

### Board of Directors

Mr. Deepak Seth	-	Chairman
Mr. Pallak Seth	-	Vice-Chairman
Mrs. Payel Seth	-	Director (acted as Managing Director upto 31/10/2018)
Dr. Ashutosh Prabhudas Bhupatkar	-	Independent Director
Mr. Ashok Kumar Chhabra	-	Independent Director
Mr. Ashok Kumar Sanghi	-	Independent Director

### Chief Executive Officer

Mr. Omprakash Makam S. Setty

### Chief Financial Officer

Mr. Ajai Singh

### 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, 2<sup>nd</sup> Floor, 19<sup>th</sup> Main,  
HSR Layout, Sector-II,  
Bengaluru-560102  
Karnataka, India

### Bankers

Axis Bank  
HSBC Bank

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## **Proxy Form**

## PDS MULTINATIONAL FASHIONS LIMITED

**Registered Office:** No. 758 & 759, 2<sup>nd</sup> Floor, 19<sup>th</sup> Main, HSR Layout, Sector-II, Bengaluru-560102

**Tel:** 080-67653000, **Website:** [www.pdsmultinational.com](http://www.pdsmultinational.com); **E-mail:** [investors@psdmultinational.com](mailto:investors@psdmultinational.com)

**CIN:** L18101KA2011PLC094125

### NOTICE TO MEMBERS

Notice is hereby given that the 08<sup>th</sup> Annual General Meeting of the Members of PDS Multinational Fashions Limited, will be held on Wednesday, 13<sup>th</sup> day of November, 2019 at 12:30 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 the Audited Standalone Financial Statements of the Company prepared as per Indian Accounting Standard ("Ind-AS") for the financial year ended 31st March, 2019 the Report of the Auditors thereon and the Report of the Board of Directors and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended 31 March, 2019, the Report of the Board of Directors and the Report of the Auditors thereon for the financial year ended 31 March, 2019, placed before the 8th Annual General Meeting be and are hereby received and adopted."

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company prepared as per Indian Accounting Standard ("Ind-AS") for the financial year ended 31st March, 2019 the Report of the Auditors thereon and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March, 2019, the Report of the Auditors thereon for the financial year ended 31 March, 2019, placed before the 8th Annual General Meeting be and are hereby received and adopted."

3. To appoint a director in place of Mr. Pallak Seth (DIN: 00003040), who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Pallak Seth (DIN: 00003040), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. To appoint M/s. Walker Chandiok & Co LLP, as Auditors for a period of five years from the conclusion of this Annual General Meeting until the conclusion of the Thirteenth Annual General Meeting and in this connection, to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s Walker Chandiok & Co LLP, Chartered Accountants (Firm registration Number 001076N/

N500013), be and is hereby appointed as Statutory Auditors of the Company to hold such office for first term of 5 (Five) consecutive years, from the conclusion of this Annual General Meeting till the conclusion of the 13<sup>th</sup> (Thirteenth) Annual General Meeting of the Company on a remuneration of ₹ 50.75 Lakhs (Rupees Fifty Lakhs Seventy Five Thousand only) plus reimbursement of out of pocket expenses and applicable taxes and the Board of Directors of the Company be and are hereby authorized to pay increased audit fee as they may deem fit.

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

Place: Gurugram  
Date: 15<sup>th</sup> October, 2019

**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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. **A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.**

A proxy form is enclosed with this Notice. Proxies, in order to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the AGM. Proxies submitted on behalf of companies, societies, etc. must be supported by appropriate resolution or authority, as applicable. Revenue stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy form, for identification purposes.

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/authorised representatives are requested to bring duly filled Attendance Slip, enclosed herewith, to attend the AGM along with a valid identity proof such as the PAN card/passport/AADHAAR card/driving license etc.
4. 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.

5. The statement pursuant to section 102 of the Companies Act, 2013 (the Act) is annexed hereunder and forms part of the Notice. As required under Secretarial Standard-2 and regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 (Listing Regulations), the relevant information of directors is enclosed as Annexure 1.
6. 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.
7. 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.
8. The Registrar of Companies, Karnataka, vide his Order dated 29th August, 2019 has granted extension of one (1) month and Fifteen (15) days for holding Annual General Meeting of the Company for the financial year ended 31st March, 2019.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 2<sup>nd</sup> day of November, 2019 to 13<sup>th</sup> day of November, 2019 (both days inclusive).
10. 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 shareholders who have registered their email address with the Company/RTA/depository Participants. To support this green initiative, the shareholders 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 2018-19, Notice for annual general meeting etc., are being sent in electronic mode to those shareholders who have registered their email address with the Company/RTA/Depository Participant. For those shareholders who have not opted for the above, the same are being sent in physical form.
11. 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.
12. Annual Report of the Company circulated to the members of the Company is also available on the Company's website [www.pdsmultinational.com](http://www.pdsmultinational.com).
13. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 8<sup>TH</sup> ANNUAL GENERAL MEETING OF YOUR COMPANY.**
14. **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 8<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business contained herein may be transacted through e-voting Services provided by Central Depository Services India Limited (CDSL):

**The instructions for shareholders voting electronically are as under:**

- i) The voting period begins on Sunday, 10<sup>th</sup> November, 2019 at 09:00 AM (IST) and ends on Tuesday, 12<sup>th</sup> November, 2019 at 05:00 PM (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date ("record date") of 6<sup>th</sup> day of November, 2019, 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](http://www.evotingindia.com).
- iii) Click on Shareholders/Members.
- iv) Now Enter your UserID:
  - 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](http://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"> <li>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.</li> </ul>
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"> <li>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).</li> </ul>

- 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 Electronic Voting Sequence Number (EVSN) for the relevant Company Name viz. "PDS MULTINATIONAL FASHIONS LIMITED" 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](http://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](mailto: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](mailto: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. Apple and Windows phone users can download the app from the Apple store and Windows store respectively. 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/record date i.e. 1<sup>st</sup> November, 2019 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- II. Mr. R. Hariprasad Reddy, 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 along-with the Scrutinizer's Report shall be placed on the Company's website [www.pdsmultinational.com](http://www.pdsmultinational.com) and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com) 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.

#### EXPLANATORY STATEMENT:

As required by Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out the material facts relating to the businesses under Item No. 4 of the accompanying Notice.

#### Item No. 4:

As per section 139 of the Companies Act, 2013 and in accordance with the approval accorded by the Members at the 3<sup>rd</sup> Annual General Meeting held on 26<sup>th</sup> September, 2014, M/s S.R. Dinodia & Co. LLP, Chartered Accountants, (Regn. No. 001478N/ N500005) will retire as statutory auditor of the Company at conclusion of the 8th Annual General Meeting. Your Board places on record their appreciation for the services provided by M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company.

The Audit Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s Walker Chandio & Co, LLP to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

The Company has received certificate of eligibility from M/s Walker Chandio & Co LLP in accordance with the provisions of the Companies Act, 2013 and rules made thereunder and a confirmation that they continue to hold valid peer review certificate as required under Listing Regulations.

## PDS Multinational Fashions Limited

Accordingly, the Notice of 08<sup>th</sup> annual general meeting includes the proposal for seeking Shareholders approval for appointment of M/s Walker Chandio & Co LLP, Chartered Accountants (Regn. No. 001076N/N500013) as Statutory Auditors of the Company for the first term of five (5) consecutive years from the conclusion of the 8<sup>th</sup> Annual General Meeting until the conclusion of 13<sup>th</sup> Annual General Meeting of the Company at remuneration of ₹ 50.75 Lakhs (Rupees Fifty Lakhs Seventy Five Thousand only), plus reimbursement of out of pocket expenses and applicable taxes. In

addition to the above and in accordance with the provisions of the Act, the Board/Audit Committee may approve the fee payable to the auditors for limited reviews, certifications and other permitted services to be rendered by the Auditors in accordance with the provisions of Section 144 of the Companies Act, 2013, as deemed appropriate.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

### **Annexure-1 to Notice:**

#### **DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTH COMING ANNUAL GENERAL MEETING- Reg. 36 (3) & SS-2**

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2]

<b>Mr. Pallak Seth (DIN:00003040)</b>		
Age	:	41 Years
Qualifications	:	Bachelor of Arts Degree in Economics and International Business
Experience (including expertise in specific functional area) / Brief resume	:	He 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. Mr. Pallak heads PDS Multinational Group's strategy and development initiatives. He is currently the Vice Chairperson of the Company.
Date of first appointment on the Board	:	6 <sup>th</sup> April, 2011
Shareholding in the Company as on 31 <sup>st</sup> March, 2019	:	278838 Equity shares
Directorships and Committee memberships held in other companies as on 31 <sup>st</sup> March, 2019	:	Pearl Global Limited Nim International Commerce Private Limited
Inter-se relationships between Directors Key Managerial Personnel	:	Son of Mr. Deepak Seth and Mrs. Payel Seth
No. of Board Meetings attended during the Financial year 2018-19	:	1 of 5
Details of last drawn remuneration and proposed remuneration	:	Nil

Mr. Pallak Seth, the retiring Director, being eligible, offers himself for re-appointment. The Board of Directors of your Company propose to appoint Mr. Pallak Seth as a Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the Shareholders of the Company.

None of the Directors & Key Managerial Personnel, except Mr. Pallak Seth, himself, Mr. Deepak Seth and Mrs. Payel Seth, being relatives, are interested, whether directly or indirectly, in this Resolution.



## DIRECTORS' REPORT

### To the Members,

We have pleasure in presenting Eighth Annual Report of PDS Multinational Fashions Limited (the "Company") together with the audited financial statements for the financial year ended March 31<sup>st</sup>, 2019.

Financial Summary and State of Affairs (₹ in Crore)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Income from operations	6485.85	4,923.86	39.21	18.19
Other Income	161.22	24.36	0.95	6.86
<b>Total Income</b>	<b>6,501.98</b>	<b>4,948.22</b>	<b>40.16</b>	<b>25.06</b>
<b>Total Expenses</b>	<b>6,421.67</b>	<b>4,924.20</b>	<b>39.50</b>	<b>20.72</b>
Profit before Tax	80.31	24.02	0.66	4.34
Provision for Tax	0.13	3.18	(0.43)	0.61
Profit/(Loss) after tax	80.18	20.84	1.09	3.73
Share of Associates/ Joint Ventures	(0.99)	(1.30)	-	-
Net Profit for the year	79.19	19.53	1.09	3.73

### Consolidated

On Consolidated basis, the total revenue for Financial Year 2018-19 was at ₹ 6501.98 Crore as against ₹ 4948.22 Crore in Financial Year 2017-18 with a Growth of 31% over previous year.

The Profit after Tax in Financial Year 2018-19 was at ₹ 79.19 Crore as compared to ₹ 19.53 Crore in Financial Year 2017-18 with a Growth of 405% over previous year.

### Standalone

On Standalone basis, the total Income for Financial Year 2018-19 was at ₹ 40.16 as against ₹ 25.06 Crore in Financial Year 2017-18 with a Growth of 60% over previous year.

The Profit after Tax in Financial Year 2018-19 was at ₹ 1.09 Crore as compared to ₹ 3.73 Crore in Financial Year 2017-18 with a decline of 70% over previous year.

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

### RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2019 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### DIVIDEND & RESERVES

Your Directors did not recommend any dividend for the Financial Year 2018-19 and not proposed to carry any amounts to reserves.

### CHANGE IN THE NATURE OF THE BUSINESS

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

### DEPOSITS

Your Company has not accepted any deposits from the Public or Shareholders during the year, nor has any unclaimed or unpaid deposits at the end of the Financial Year 2018-19.

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

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

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

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

During the year under review, the Board met 5 (five) times. A detailed update on the Board, its composition, detailed charter including terms of reference of Board committees, number of Board and Committee meetings held during the Financial Year 2018-19 and attendance of Directors at each meeting is provided in the report on Corporate Governance, which forms part of Annual Report.

### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

## PDS Multinational Fashions Limited

The Company has also formulated a Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178 (3) of the Companies Act, 2013 and the same is available on Company's website [www.pdsmultinational.com](http://www.pdsmultinational.com) and salient features of such policy is annexed as 'Annexure-1' to this report.

There has been no change to the policy during Financial Year 2018-19.

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the evaluation of the annual performance of the Directors/Board/Committees was carried out for the Financial Year, 2018-19

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

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

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

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Payel Seth resigned from the position of the Managing Director from 1<sup>st</sup> November, 2018 but continues as Non-Executive Director on the Board of the Company. Hence, there is change in the composition and the Board comprises of Six (6) Directors including three (3) Independent Directors and three (3) Non-Executive Directors. During the Financial Year 2018-19, your Board met five (5) times details of which are available in Corporate Governance Report forming part of Annual Report.

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

Mr. Pallak Seth, Non-executive Director is liable to retire by rotation

at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. Your Board recommends his appointment.

During the year, Mr. Omprakash Makam S. Setty resigned as Chief Financial Officer and appointed as Chief Executive Officer w.e.f. 1<sup>st</sup> December, 2018 and the resultant vacancy was filled with the appointment Mr. Ajai Singh as Chief Financial Officer of the Company w.e.f. 1<sup>st</sup> December, 2018. Accordingly, the key managerial personnel of the Company as at March, 2019 comprise of Mr. Omprakash Makam S. Setty, Chief Executive Officer, Mr. Ajai Singh, Chief Financial Officer and Mr. B. Chandra Sekhara Reddy, Company Secretary & Head-Legal.

### AUDITORS

#### Statutory Auditors

As per section 139 of the Companies Act, 2013 and in accordance with the approval accorded by the Members at the 3<sup>rd</sup> Annual General Meeting held on 26<sup>th</sup> September, 2014, M/s S.R. Dinodia & Co. LLP, Chartered Accountants, (Regn. No. 001478N/ N500005) will retire as statutory auditor of the Company at conclusion of the 8<sup>th</sup> Annual General Meeting. Your Board places on record their appreciation for the services provided by M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company.

Based on the recommendation of the Audit committee and upon review of the satisfaction of the criteria as specified in Section 141 of the Companies Act, 2013 and rules made thereunder, your Board recommended the appointment of M/s Walker Chandio & Co LLP, Chartered Accountants (Regn. No. 001076N/N500013) as the Statutory Auditors of the Company in place of retiring Statutory Auditors.

Accordingly, the Notice of 08<sup>th</sup> annual general meeting includes the proposal for seeking Shareholders approval for appointment of M/s Walker Chandio & Co LLP, Chartered Accountants (Regn. No. 001076N/N500013) as Statutory Auditors of the Company for the first term of five consecutive year from the conclusion of the 8<sup>th</sup> Annual General Meeting until the conclusion of 13<sup>th</sup> Annual General Meeting to be held in the financial year 2024-25 at remuneration of ₹ 50.75 Lakhs (Rupees Fifty Lakhs Seventy Five Thousand only) plus reimbursement of out of pocket expenses and applicable taxes and to authorise the Board/Audit Committee to fix the remuneration after discussion with Statutory Auditor.

The Auditors' Report for Financial Year 2018-19 does not contain any qualification, reservation or adverse remark or disclaimer. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report.

#### Secretarial Auditor

The Board has appointed Mr. R. Hariprasad Reddy, Practicing Company Secretary (Membership No. FCS 8477), proprietor of M/s. RHR & Associates, to conduct Secretarial Audit of the Company for the Financial Year 2018-19, 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 2018-19 is annexed as 'Annexure-2' to this Report.

Additionally, in line with SEBI Circular dated February 8, 2019, an