

A Global Collaborative Platform

Entrepreneurial | Sustainable | Agile



Content

02 About us

- 02 Who we are
- 04 What we do
- 05 Geographical expanse
- 06 Milestones

08 Year in review

- 08 Chairman's statement
- 10 Vice Chairman's message
- 11 Group CEO's message
- 12 Key performance indicators
- 14 Business review

20 Our approach to value creation

- 20 Business model
- 22 Operating context
- 24 Risk management
- 26 Value creation strategy

30 Responsible business

- 30 Corporate social responsibility
- 32 People focus

34 Good Governance

- 34 Corporate Governance
- 36 Board of Directors

38 Statutory reports

- 38 Management Discussion and Analysis
- 46 Board's Report and Annexures

92 Financial statements

- 92 Standalone Financial Statements
- 142 Consolidated Financial Statements

210 Notice

FY 2020-21 Highlights

Consolidated Financials

₹6,213 crores
Revenue from Operations

22.1%
RoCE
↑ 658 bps

22.0%
RoE
↑ 874 bps

₹230 crores
EBITDA
↑ 24%

3.7%
EBITDA margin
↑ 90 bps

0.26x
Net Debt/EBITDA
From 1.32x

₹148 crores
PAT
↑ 83%

2.4%
PAT margin
↑ 117 bps

₹15.75
Per share proposed
dividend

Note:

1. All comparisons on a Y-o-Y basis (vs FY 2019-20 numbers)
2. ROCE and ROE is calculated after adjusting for dividend; ROCE based on Net Capital Employed

A Global Collaborative Platform

Entrepreneurial | Sustainable | Agile

At PDS Multinational Fashions Limited (PDS), we provide a global plug-and-play platform for fashion industry entrepreneurs. These entrepreneurs join PDS as collaborators and become an integral part of our unique business, leveraging the PDS brand name to supply to some of the biggest fashion brands and retailers. We are working relentlessly with a vision for sustainable fashion.

Entrepreneurial

Entrepreneurial spirit is one of our core values at PDS. Our platform provides existing and new entrepreneurs with opportunities to enhance scale, make bigger impact and, associate with global brands. In short, with the support from the robust PDS platform, they are able to take their businesses to the next level. Our Joint P&L (JPL) initiative encourages these entrepreneurs to leverage inter-business synergies. For employees, our dynamic work culture, freedom of choice, ESOPs and other engagement initiatives provide fillip to the entrepreneurial ability of our platform.

Sustainable

Being a responsible corporate citizen, generating sustainable value for all our stakeholders is deeply woven into our DNA. We promote sustainable operations across all our business segments and processes –

be it sourcing from sustainability-compliant partners, manufacturing products within our own facilities, complying with all the sustainability practices set forth by our internal strategic teams. These sustainability benchmarks are also applied to our investment criteria for selection of potential ventures. We invest in ventures focused on sustainability practices.

Agile

At PDS, we deeply value our agility, which stems from our asset light collaborative model. It is with agility, that we are able to leverage our inherent strengths to make the most of new market opportunities. Foraying into the essentials category during the pandemic is a classic testimony of our agility. We will continue to collaborate more closely with all our partners to make our platform more entrepreneurial, sustainable and agile.



Who we are

Enabling sustainable fashion globally

PDS Multinational Fashions Limited (PDS) is a platform of design-led sourcing and manufacturing of consumer goods, catering to leading global fashion brands and retailers. We have a global presence in over 22 countries. We also explore opportunities in seed and early-stage ventures, which enable us to provide latest, sustainable products and technologies to our customers and vendors.

We are an ethical and entrepreneurial company with a strong sustainability focus. With our keen design sense, extensive industry experience and adoption of the latest techniques and technologies, we are enabling the fashion industry around the world cater to the fast evolving tastes and preferences of consumers.

PDS Multinational is a unique combination of

Three distinct segments



Sourcing



Manufacturing



PDS Venture Tech
Investments

Multi-product portfolio

Apparel | Accessories | Footwear | Home products





Our Values

We will strive to be an organisation where integrity, transparency, customer satisfaction and courage guide us to become the most preferred business partner and employer.



Trust, integrity & ethics

We will always conduct ourselves, internally and externally with the highest degree of trust, integrity, and ethics.



People first

We will foster an engaging environment where our people are valued, treated with respect, empathy and compassion, and where diversity is a priority.



Entrepreneurial spirit

We will promote an environment where our people are always encouraged to be: innovative, creative, self-driven, and agents of change.



Customer centricity

We will continuously engage with our customers to ensure highest quality service is delivered. To deliver right value to our customer we understand our customer needs, learn from their experiences, align our business processes, engage with their leadership teams/buyers and transform PDS culture rightfully to win their loyalty.



Transparency, collaboration & teamwork

We will always work in a collaborative manner fostering a 'win/win' environment, internally and externally. We will foster open, honest communications where all team members are encouraged to openly share their opinions and views.



Social responsibility

We will always conduct our business in a socially responsible manner working to protect the environment, improve working conditions, and support community involvement.

Key Building Blocks



End to end capabilities



Global scale



Investing in the future



Ethics & sustainability



Financial strength



Robust risk management



Leadership team



Digital solutions

Highlights

Design and innovation expertise

150+
Designers

Leading global brands

190+
Customers

Global presence

22
Countries

50+
Offices

Employee strength

3,000+
Employees and 5000+ associates and factory personnel

What we do

Catering to diverse needs

We are a well-diversified global company, with sustainable and agile businesses spread across three different segments, offering multiple fashion and related products in multiple markets.



Sourcing



Read more on **page 14**

We enable our esteemed customers to source multiple fashion-related products through our partners in key markets. We provide them our market know-how, in-house design-led capabilities while we are able to manage the entire supply chain execution for our customers.



Manufacturing



Read more on **page 16**

We have created our own manufacturing capacities spread across three countries – Bangladesh, Sri Lanka and India*, where we have as many as 130 production lines. Our customised services, quality-focussed approach and compliance has earned us customer trust and loyalty.



PDS Venture Tech Investments



Read more on **page 18**

We invest in ventures that focus on creating a sustainable value chain for the fashion industry, reduce wastage or sustainable usage of raw materials and using advanced analytical tools to improve revenues and profitability.

~1 million
Pieces of garments/day

~36 million
Annual in-house garment
production capacity

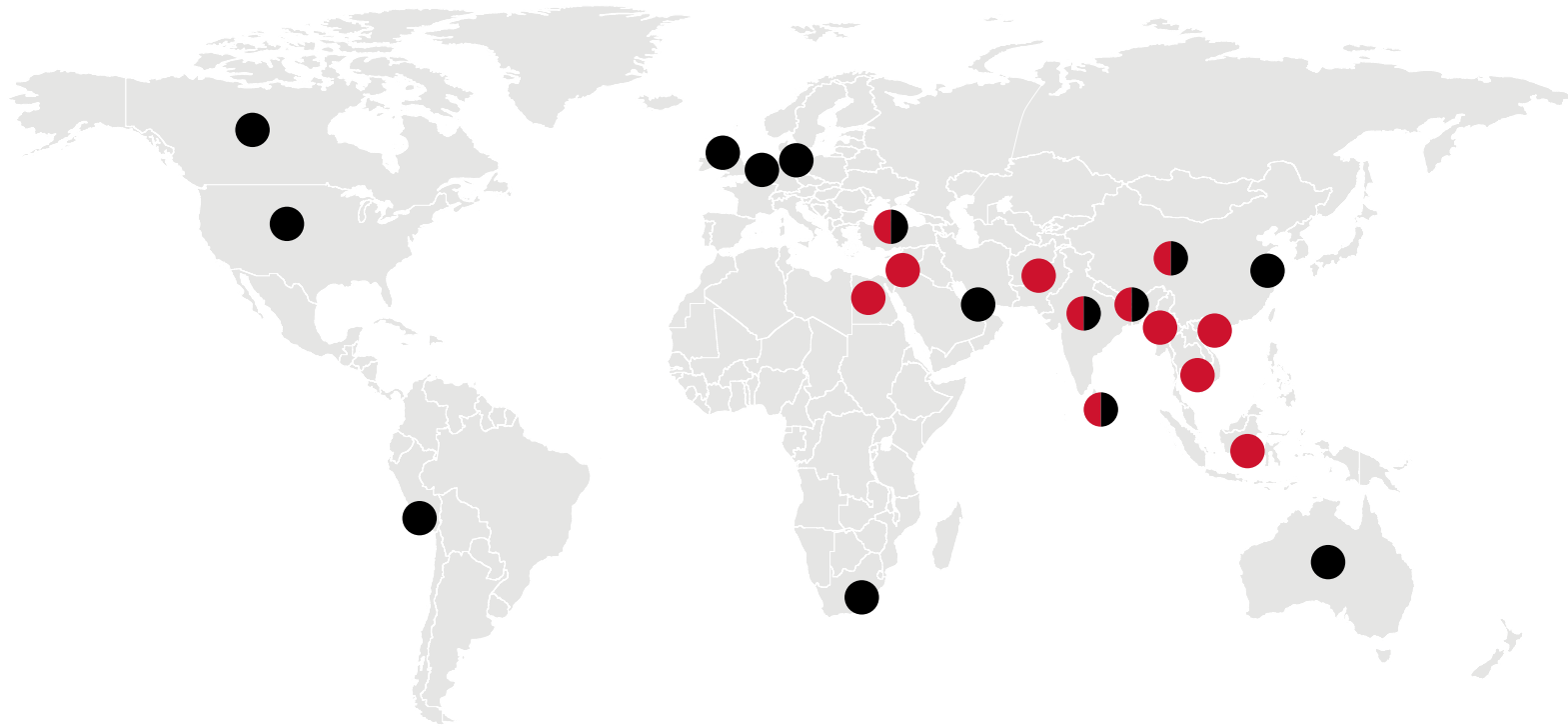
*Indian manufacturing facility is through a minority interest

24
Investments across
sustainability, technology
& consumer brands

Geographical expanse

Going places for fashion

We are a global organisation serving the world's top brands and retailers with operations spread across 22 countries.



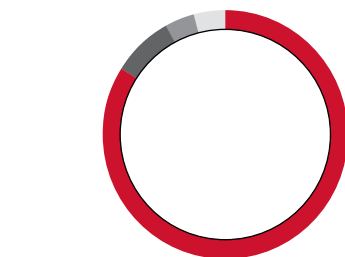
Sourcing & Manufacturing Operations

Bangladesh
Cambodia
China
Egypt
India
Jordan
Myanmar
Pakistan
Sri Lanka
Turkey
Vietnam

Sales & Design Operations

Australia
Bangladesh
Belgium
Canada
Chile
China
Dubai
Hong Kong
Germany
India
South Africa
Sri Lanka
Turkey
UK
USA

Revenue break-up (%)

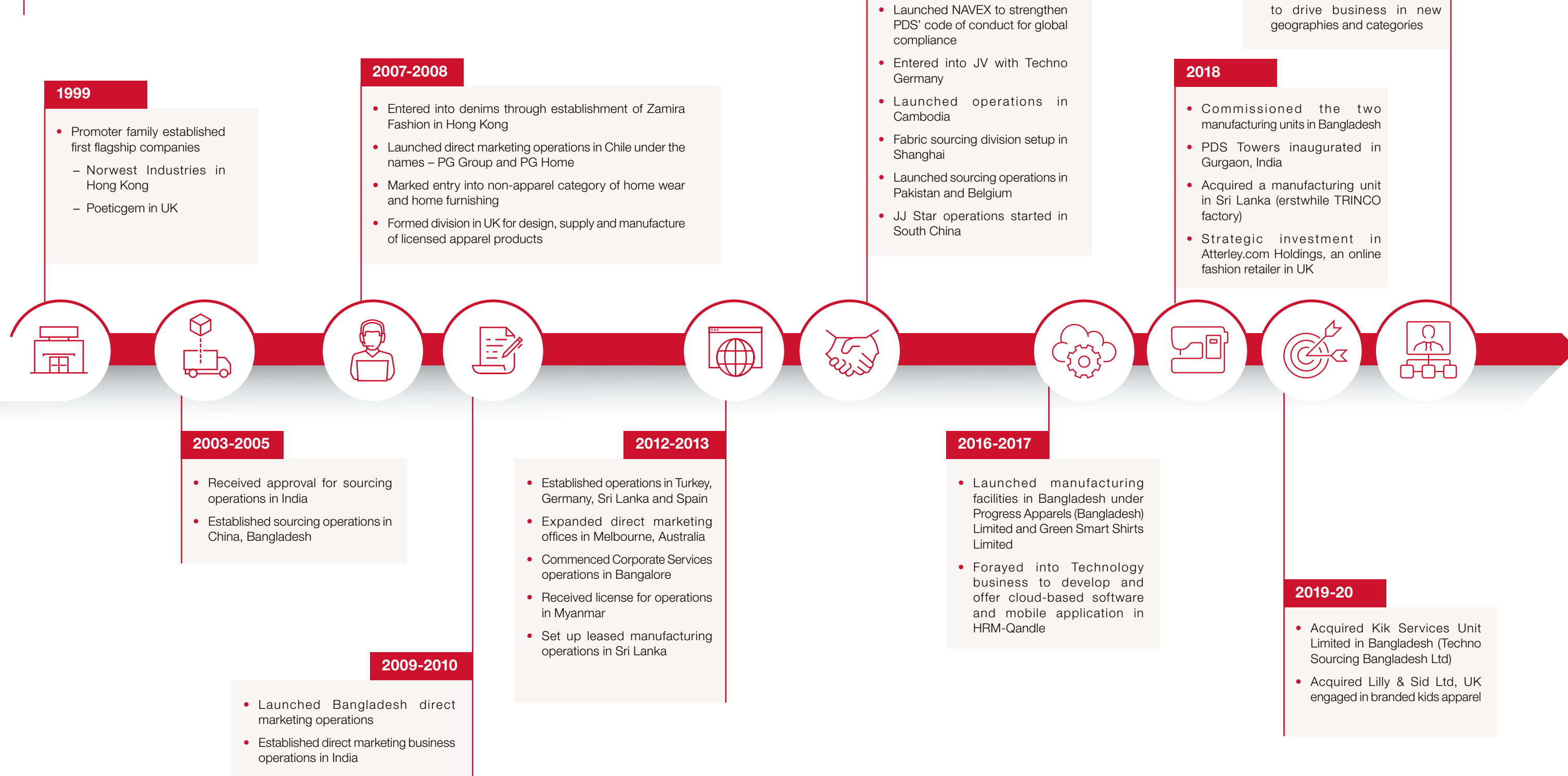


UK and Europe	84%
US	8%
Asia and Middle East	4%
Others	4%

Milestones

A journey of transformation

From a single entity to a federation of entrepreneurs to a collaboration platform, we have undergone significant transformation over the past two decades. Here's a snapshot of this exciting journey.



Chairman's statement

Committed to sustainability

Dear Shareholders,

I start this message with the hope that you and your families are safe and in good health.

FY 2020-21 was a truly dynamic year which witnessed the emergence, rise and plateauing of the COVID-19 pandemic, which can be easily categorised as one of the most disruptive events in modern times. The unprecedented impact of the pandemic has altered the way businesses and economies function. Operating a global value-chain, PDS too was impacted with the pandemic. However, more than the crisis, I would like to emphasise the way our team has adapted with resolve and emerged stronger at the face of challenge. Our strong resilience, even amid a global pandemic, is testimony to the fact that we are well placed to deliver on our strategic priorities now and in the future.

COVID-19 and Economic overview

As we have seen, globally governments, industries, organisations and individuals have worked collectively and in own capacity to tame the pandemic and support those in need. This includes large-scale medical support drives, economic packages and notable philanthropic initiatives. The fast-paced discovery of the vaccination and even faster inoculations are bringing things back to normalcy, even as some challenges persist.

As the uncertainties around COVID subside, this will lead to a renewal in the investment cycle, which has witnessed a temporary halt. The global economy is forecasted to grow by 6.0% in 2021, as per the April 2021 World Economic Outlook by IMF. Closer home, the Indian economy is forecasted to grow by 10.5%, as per the April 2021 Monetary Policy Report by RBI. These factors contribute to demand revival for our customers at PDS, auguring well for our continued growth.

Industry and Business Review

The fashion industry witnessed major headwinds during 2020, due to the pandemic-induced disruptions. However, there was an accelerated pace of digitalisation, as the market demand led the big brands and retailers, to transform their business models to be more digital first. The disruption presented an opportunity for consolidation within the industry, as many established players went belly up. This trend again reiterated preference for financially prudent, well-managed and well governed organisations. The



“

"I am extremely proud the way our team has combatted the challenging times and has come out stronger. As we move ahead, I strongly believe we are well placed to continue our journey of sustainable growth and profitability."

Mr. Deepak Seth
Chairman

"We are a sustainability-focused sourcing and manufacturing platform for global fashion brands and retailers."

annual fashion calendar and the concept of 'season' faded, paving way for seasonless fashion, with people buying need-based products, rather than giving into impulse purchases and quick trends.

In this dynamic backdrop, at PDS, we were able to generate our highest ever profit after tax of ₹148 crores, up by ~83%, owing to agile operations, better margins and cost optimisation measures. Our focus on sustainable business practices, complemented by our inherent strengths of design capabilities, diversified offerings and entrepreneurial environment empower us to stay ahead of the curve.

Developing Human Capital

People are one of our biggest success factors. They not only enable us to reach our corporate goals, but also act as our brand ambassadors. During the pandemic, it was heartening to witness how all our team members came together and made relentless efforts towards ensuring business continuity. We recognise all their efforts and reciprocate with numerous monetary and non-monetary rewards, including ample learning opportunities and periodic rewards and recognitions. We provide an entrepreneurial and challenging work environment to enable our people to perform to the best of their abilities. We also recognise that talent retention is the key to accelerated growth. During the year, we introduced a well-defined ESOP plan, enabling us to attract and retain quality talent.

Sustainable Business

We are a sustainability-focused sourcing and manufacturing platform for global fashion brands and retailers. PDS Venture Tech Investment also focuses on investments in sustainable technologies, circular economy, carbon neutrality, waste and water management. Our business practices remain environmentally conscious and socially responsible. We continue earning the trust of our discerning customers by delivering high-quality products with a minimal environmental footprint.

As I conclude, I would like to express my gratitude towards all our stakeholders who have stood with us through thick and thin. These include, but are not restricted to investors, customers, bankers, creditors, vendors, business partners, and governments, and my fellow Board members. I also thank all the leadership team members, ably supported by our people for executing the strategies set forth, with due course corrections to enable PDS reach newer heights.

Let us continue this exciting journey of sustainable value creation.

Thank you,

Deepak Seth
Chairman

Vice Chairman's message

Global collaboration for better future

Dear Shareholders,

I am delighted to write this message, post braving one of the most challenging times in my living memory. The COVID-19 induced disruption led to redefining of how economies, companies, and people function. Age-old businesses came to a screeching halt and agile businesses thrived on the back of their nimbleness. At PDS, we are proud to be part of the latter, as we continued to play on our strengths to leverage market opportunities.

Our inherent strengths which enable us to fulfil our long-term ambitions include:

- Asset light business model
- Strong financial and risk management capabilities
- Design-led sustainable and responsible sourcing
- Right products at the right time, from the right factory
- Compliant and transparent supply chain

Launchpad for Success

PDS is not just a Company, but a confluence of companies, all with their respective strong domain expertise. We provide a flexible, globally scaled platform for aspirational collaborators, which help them achieve their true worth. This platform provides simple plug and play interface, making it easy for the new collaborators to join our network. Our global and diversified vendor network, which works at the backend further strengthens this platform.

As a global player, we diversify our risks with multiple products, sourced and/or manufactured at multiple locations across the globe. The venture investment business further diversifies our business operations, by investing in technologically advanced sustainability-focused early-stage ventures. Financial support is provided to the business units with trade finance limits from a consortium of banks and financial discipline is maintained with prudent capital allocations. This enabled us to achieve our best ever Net Debt/EBITDA ratio of 0.26x and Net Debt/Equity ratio of 0.08x. Global auditors enhance our financial strength and provide stability to our business model.

“

"As a global player, we diversify our risks with multiple products, sourced and/or manufactured at multiple locations across the globe."

Strategic Priorities

As the macro-situation stabilises, we believe there are significant opportunities for us to grow. We will take required steps in reinforcing our competitive advantage, while simultaneously adding substantial value to our resilient business model. The fundamentals of our business are based on a robust and strong foundation and as the operating environment improves, we remain optimistic of recording a steady and strong growth in the times ahead. We are also pleased to have Mr. Sanjay Jain on board with us, who has joined the PDS family as Group CEO. He is vested with the responsibility of driving growth, transformation, operational excellence, and value creation initiatives across PDS and its subsidiaries.

Geographic and Category Expansion

Addition of newer product categories to our offerings bouquet, deepening our outreach in existing market and expanding in newer geographies form part of our core focus areas. With an aim to expand into new categories and make inroads in the new markets, such as US, Australia, South Africa, and Scandinavian countries, we have on-boarded new business leaders and teams.

Encouraging a Collaborative Approach

During FY 2020-21, we implemented a Joint P&L (JPL) initiative for empowering the individual businesses in the PDS ecosystem to leverage inter-collaborator

synergies, say one of the collaborators is a manufacturer, while the other is a client-facing sourcing unit. Both these collaborators work together to develop incremental businesses opportunities. Successful implementation of this initiative has enabled us to drive more business and meet our customer requirements by playing to the strengths of our platform.

Sustainable Future

We pursue sustainable business opportunities, which are extended with the products we source, manufacture or in the venture investments we make. We track the pulse of emerging trends and technologies with our investments in businesses focussed on circular economy, sustainable fashion, and creating sustainable themed brands. We are also witnessing our customers seek and adopt sustainable solutions and greener choices which further enables PDS to become their preferred partner. We also believe that sustainability extends to social responsibility, and have thus strengthened our commitment towards the society. We action our social priorities with initiatives focussed on quality education and nutrition meals to the disadvantaged sections of the society.

With our well-calibrated strategy, strong team and stronger resolve, I am confident that we can steer ahead towards achieving our growth vision. In doing so, I solicit your continued cooperation.

Pallak Seth
Vice Chairman

