

PDS/SE/2020-21/15

11<sup>th</sup> July, 2020

To,

<b>The General Manager,</b> Corporate Service Department BSE Limited P. J Tower, Dalal Street, Fort, Mumbai-400001	<b>The General Manager,</b> Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051.
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NSE: PDSMFL

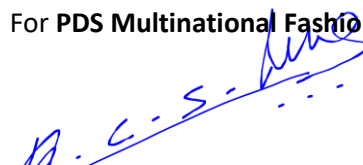
**SUB: Disclosure of material impact of COVID-19 pandemic as per SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May, 2020.**

With reference to above cited SEBI circular, read with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, disclosure with regard to material impact of CoVID-19 pandemic on business operations of the PDS Group is enclosed herewith.

You are requested to kindly take the same on record and oblige.

Thanking you,

For PDS Multinational Fashions Limited

  
**B. Chandra Sekhara Reddy**  
Company Secretary & Head-Legal



## PDS Multinational Fashions Limited - Covid-19 Impact on PDS Group business & its response

- Since January 2020 when coronavirus pandemic emerged, a new uncertainty and threat to economies and industries, worldwide has set in. Lockdown measures and restrictions on logistics in countries across the globe severely disrupted movement of goods, supply chain systems and production processes. This, in combination with a freeze on discretionary spending and retail store closures further impacted consumer demand and sales across the global retail landscape
- In this challenging operating environment, PDS Group has taken appropriate measures to ensure safety and well-being of its employees, business partners, communities and safeguard the interests of its customers and suppliers.
- In compliance with government advisories, PDS Group temporarily suspended operations at its offices across India and implemented 'Work from Home' options. Similarly, on the international front as applicable in each country, PDS Group's offices in UK, Europe, America's, Middle East, and Asia were temporarily shut and implemented work from Home option along with required controls such as daily temperature checks, sanitisation, social distancing, using of masks in offices where employees were working.
- At the PDS Group's manufacturing plants in Bangladesh, operations are temporarily suspended for about a month from 26 mar 2020. However, pursuant to requisite approvals from the concerned Government Authorities, manufacturing operations are resumed partially in the month of May,20. Given the low demand for apparel products, PDS Group is also exploring new product lines in Personal Protection Equipment (PPE) to widen its existing product portfolio and grow business with new product categories, customer segment and markets. PDS Group's manufacturing units are currently operating at lower capacity due to subdued demand, availability of labour due to social distancing restrictions. We expect both the manufacturing facilities to run at higher capacity as demand picks up in the coming months.

### Pre – COVID: PDS Group had a clear focus & process on

- *Customer relationship & business development*
- *Risk management*
- *Growth led Financial Performance*
- *Building Trust and Partnerships*

### During COVID crisis our strategic intent and management focus was:

- *Realign efforts/resources towards and ensure the highest levels of service for our customers*
- *Minimize net worth dilution*
- *Meet all statutory liabilities and compliances across the group*
- *Retain top talent and ensure we can scale up our business as soon as situation normalizes*
- *Meet all our banking commitments*

### Emerging stronger post COVID-19

- *Invest in building closer relationships with customers and letting them know the ongoing strength of the group*
- *Invest in new talent*

- *Invest in business opportunities within the industry that would help in growth and strengthening of PDS Group business.*
- *Push forward restructuring initiatives which were planned Pre-COVID-19*
- *Continue partnering key customers on a strategic level to take over their sourcing operations or manage product categories that would lead to cost reduction thereby giving our customers to focus on their core competencies in Retailing and Consumer Management. Our focus would be to onboard & grow with customers who support our strategy to grow together, rather than focusing on transactional business.*
- Q4 FY2019-20 began on a steady note for the PDS Group, witnessing strong demand and healthy client wins in the month of January. However, the growing concerns around the spread of Covid-19 followed by lockdowns across Europe and Asia negatively affected the operating environment for the business and impacted sales during Feb and Mar 20. In the absence of this disruption and consequently loss of revenue PDS Group was on track to achieve higher sales and profits for the year 2019-2020.
- Liquidity and cash flow position of the PDS Group continues to be strong, with most of the debt focused towards working capital requirements. The management, based on its assessment of the situation, has internally revised its business forecast for the near term and assessed the cash flow requirement and fully confident to service its debts & overheads.
- With continued lockdowns, tough economic conditions PDS Group expects slower recovery in the demand & consequently recovery in its core business – Readymade garments and accessories across markets. However, in the longer-term, PDS Group believes there could be a gradual bounce back in demand and consumer sentiment driven by easing of the lockdown, steady restoration of the economy and normalcy in daily day-to-day activities. The end-to-end supply chain system is also expected to stabilize in this period.
- PDS Group remains stronger with stable operations. In light of the current challenges, PDS Group has realised many cost rationalization initiatives, optimum working capital measures to conserve cash flows and ensure steady profitability
- The crises provided us a window of opportunity to source and supply PPE from our suppliers mostly in China in Q1 of FY 20-21 and may provide long-term business opportunity for the PDS Group.
- PDS Group and its management teams is monitoring the situation on a daily basis and will take all necessary measures as directed by the concerned Governments and authorities, from time to time to ensure safety of its employees, business partners, communities, and to overall safeguard the interests of all stakeholders to the best possible extent
- We are confident to emerge stronger from current crisis and create long term value for all our stakeholders.
- PDS Group expresses its gratitude to all its stakeholders for supporting in these unprecedented times.