



PDS LIMITED
(Erstwhile PDS Multinational Fashions Limited)

CODE OF CONDUCT

FOR

DIRECTORS & SENIOR MANAGEMENT PERSONNEL

(Approved in the Board Meeting held on May 26, 2014 and amended on February 14, 2020)

CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT PERSONNEL INTRODUCTION

The purpose of this Code of Conduct (the “Code”) is to conduct the business of the Company in accordance with the applicable laws, regulations, rules and with the highest standard of ethics and values. The matters covered in this Code are of utmost importance to the Company, shareholders and other stakeholders.

This Code shall come into force with immediate effect. Each and every Director/Officer (as defined herein below) shall be duty-bound to follow the provisions of this Code in letter and spirit. Any instance of non-compliance of any of the provisions shall be a breach of ethical conduct and shall be viewed seriously by the Company.

Accordingly, the Directors/Officers (as defined herein below) are expected to read and understand this Code and uphold these standards in their business dealings and activities.

The Code was initially adopted by the Board of Directors at their meeting held on 26th May, 2014 and subsequent modifications have been adopted on 14th February, 2020.

I. APPLICABILITY

This Code of Conduct applies to the following:

- 1) All Members of the Board of Directors of the Company; (hereinafter referred to as the “Directors”)
- 2) The following personnel (hereinafter referred to as “Officers”).
 - (a) Chief Executive Officer;
 - (b) Chief Financial Officer
 - (c) Company Secretary;
 - (d) Head Finance function (by whatever designation called);
 - (e) All Departmental / Functional heads of different functions of the Company (by whatever designation they are called)

II. PRINCIPLES OF CONDUCT

Directors/Officers will pursue the highest standards of ethical conduct in the interests of shareholders and all other stakeholders. In particular, every Director/Officer:

- (a) must act honestly, in good faith and in the best interests of the Company.
- (b) has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.

- (c) must use the powers of office for a proper purpose, in the best interests of the Company.
- (d) must not take improper advantage of his position in the Company.
- (e) should protect Company's assets and property and ensure its efficient use. Also must ensure that Company's assets are used for legitimate business purposes only.
- (f) must not compete directly with the business of the Company or with any business that the Company is considering.
- (g) has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- (h) should not engage in conduct, which is likely to bring discredit upon the Company.
- (i) should not employ anyone below the legal age of employment.

III. HONEST AND ETHICAL CONDUCT

We expect all the Directors/Officers to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working at the Company's premises, at offsite locations, at Company's sponsored business and social events, and/or at any other place where the Directors/Officers represent the Company.

We consider honest conduct that is free from fraud and/or deception. We consider ethical conduct conforming to be accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest as specified in IV below between personal and professional relationships.

IV. CONFLICTS OF INTEREST

Duty of the Directors/Officers of the Company demands that he or she avoids and discloses actual and apparent conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. For eg:

- a) **Employment / Outside Employment:** In consideration of employment with the Company, Directors/Officers are expected to devote their full attention to the business interests of the Company. Directors/Officers are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or otherwise in conflict with or prejudicial to the Company. For eg. Simultaneous engagement/employment or directorship with competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position. Each Directors/Officer shall inform the Board of any change in events/ circumstances/ conditions that may interfere with their ability to perform their duties.

Additionally, Directors/Officers must disclose to the Company's Board of Directors, any interest that they have that may conflict with the business of the Company.

- b) **Outside Directorships:** It is conflict of interest to serve as a Director of any Company that competes directly with the Company. Directors/Officers must first obtain approval from the Company's Board of Directors before accepting such Directorship. Further, each Director/ Officer shall inform the Board of any changes in their board positions, relationship with other business (including charitable).
- c) **Business Interests:** If any Director/Officer is considering investment in the business of any competitor of the Company, he or she must first take care to ensure that these investments do not compromise on their responsibilities towards the Company. Before making substantial investment in the business of the Competitor, the Director/Officer shall take permission from the Board of Directors of the Company. Substantial investment shall mean any investment over Rs.50 Lacs for Directors and Rs.5 Lacs for Officers.
- d) **Related Parties:** As a general rule, Directors/Officers, before conducting Company business with a relative and/or with a business in which a relative is associated in any significant role, must disclose their interest before the Board of Directors of the Company and take their prior approval for the same. Relatives mean those as defined in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e) **Payments or gifts from other:** Under no circumstances any Director/Officer shall accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. of the Company, that is perceived and/or intended, directly or indirectly, to influence any business decision of the Company by any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.
- f) **Corporate Opportunities:** Directors/Officers shall not exploit for their own personal gain, opportunities that are discovered through the use of Company property, information or position, unless the opportunity is first disclosed in writing to the Company's Board of Directors.
- g) **Other situations:** Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Directors/Officers must consult the Company's Chairman and/or the Board of Directors.

V. PROHIBITION OF BRIBERY AND CORRUPTION

Directors/Officers of the Company shall not, directly or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favours for the conduct of our business.

VI. EQUAL OPPORTUNITY AT WORKPLACE

The Company provides equal opportunities to all employees and aspirants for employment in the Company. The Company policy prohibits harassment of any kind based on gender, caste, religion, race or colour, marital status. The Company believes in equal work opportunities for all employees and does not condone favoritism at the workplace.

VII. SEXUAL HARASSMENT

The Directors/Officers shall maintain a work environment free from sexual harassment, whether physical, verbal or psychological. Disciplinary action shall be taken against any Director/Officer found in breach of this Code, which may include civil or criminal prosecution before competent Court of Law. Directors/Officers shall in addition to this 'Code' also adhere to the Company's Sexual Harassment Policy.

VIII. INSIDER TRADING

Insider trading is prohibited by both Law as well as by the Company's policy.

Directors/Officers, their relatives and an Insider as defined under SEBI (Prohibition of Insider Trading) Regulations, 2015 shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company, which is not in the public domain and thus constitute insider information. Insider Trading invokes severe penalties under the Regulations issued in India under the Securities and Exchange Board of India (SEBI) Act, 1992. "Price sensitive information" is an information, which relates directly or indirectly to a Company and which, if published, is likely to materially affect the price of Securities of a Company. It is important to note that both positive and negative information could be price sensitive.

Further information on insider trading rules please refer Code of Conduct to regulate, monitor and report trading by employees and other connected persons which is available on the Company's Website.

IX. FINANCIAL REPORTING AND ACCOUNTING REQUIREMENTS

The Company is required to follow strict accounting principles and standards, to report financial information accurately and completely in accordance with these principles and standards, and to have appropriate internal controls and procedures to ensure that our accounting and financial reporting complies with applicable law. The integrity of our financial transactions and records is critical to the operation of our business and is a key factor in maintaining the confidence and trust of our employees, security holders and other stakeholders.

X. INTENTIONAL MISCONDUCT

No Director/Officer should intentionally misrepresent the Company's financial performance or otherwise intentionally compromise the integrity of the Company's reports, records, policies and procedures.

XI. DEALING WITH AUDITORS

The Auditors have a duty to review our records in a fair and accurate manner. Every Director/Officer is expected to co-operate with independent and internal auditors in good faith and in accordance with law. Also an Director/Officer must not fraudulently induce or influence, coerce, manipulate or misled our independent or internal auditors regarding financial records, processes, controls or procedures or other matters relevant to their engagement.

XII. KEEPING THE AUDIT COMMITTEE INFORMED

The Audit Committee plays an important role in ensuring the integrity of our public reports. If any Director/Officer believes that a questionable accounting or auditing conduct or practices have occurred or are occurring then the same has to be brought to the notice of the Audit Committee.

XIII. COMPLIANCE WITH GOVERNMENTAL LAWS, RULES AND REGULATIONS

Directors/Officers must comply with all applicable governmental laws, rules and regulations. Directors/Officers must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers, and to know when to seek advice from the Finance and/or Legal Department. Violations of applicable governmental laws, rules and regulations may subject Directors/Officers to individual criminal and/or civil liability. Such individual violations may also subject the Company to civil and/or criminal liability and/or the loss of business.

XIV. CONFIDENTIAL INFORMATION

Directors/Officers are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Company's business, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might prejudice the ability of the Company to pursue certain objectives, be of use to competitors or harm the Company, its suppliers or its advertisers, if disclosed. Confidential information also includes any information relating to the Company's business and affairs that results in or would reasonably be expected to result in a significant change in the market value of the Company's securities or any information a reasonable investor would consider important in making an investment decision. Directors/Officers must not use confidential information for their own advantage or profit directly or indirectly.

XV. VIGIL MECHANISM POLICY

The matters covered in this Code are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. The Company will ensure prompt and consistent action against violations of this Code. We expect all of our Directors/Officers, to adhere to these rules in carrying out their duties for the Company.

If, after investigating a report of an alleged prohibited action by any Director/Officer, the Audit Committee determines that a violation of this Code has occurred, the Audit Committee will report such determination to the Board.

Any violation of laws, rules, regulations or the Company's Code of Conduct must be reported to the Ethics Committee by sending an email to whistleblower@pdsLtd.com. A protected disclosure can also be addressed to the Compliance Officer of the actual or possible violation of the 'Code' with a reasonable evidence to conclude that a violation is possible or has taken place.

XVI. DISCLOSURES

Company's policy is to provide full, fair, accurate, timely and understandable disclosure in reports and documents that Company file with, or submit to, the Stock Exchange, SEBI and/or any other government agency and in all other public communications made by the Company. Company's management has the general responsibility for preparing such filings and communications and shall ensure that the same shall conform to all applicable laws and regulations.

XVII. VIOLATIONS OF THE CODE

Part of the Directors/Officer's job, and of his or her ethical responsibility, is to help enforce this Code. Directors/Officers should be alert to possible violations. Directors/Officers must co-operate in any internal or external investigations of possible violations. Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, to be avoided.

Actual violations of law, this Code, or other Company policies or procedures, shall be monitored by the Secretarial Department.

XVIII. MONITORING COMPLIANCE

Each Director/Officer of the Company is expected to monitor his or her personal compliance with this Code.

The Company Secretary and Compliance Officer will be responsible for monitoring the compliances

under this Code. Any violation under this Code will be reported to the Board. Violations of this Code will result in disciplinary action, which may even include termination of services of the employee. The Board or any Committee/person designated by the Board for this purpose shall determine appropriate action in response to violations of this Code.

Directors/Officers are required to sign the acknowledgement form, **Annexure 1** of this Code and return the form to the Company Secretary and Compliance Officer indicating that you have received, read, understood and agree to comply with its terms. The signed acknowledgement form will be saved and archived as part of Company records.

Directors/Officers will also have to give an annual affirmation in the month of April in **Annexure 2** of this Code as an acknowledgement of your continued understanding of the Code.

XIX. ADDITIONAL PROVISIONS FOR INDEPENDENT DIRECTORS

- i. Every Independent Director shall ensure the compliance with the guidelines of professional conduct, role and functions and duties and other matters as mentioned in the Code for Independence Directors in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.
- ii. An independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. Duties of Independent Directors as prescribed under the Companies Act, 2013:

Every Independent Director shall—

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e) strive to attend the general meetings of the Company;

- f) where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g) keep themselves well informed about the Company and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- j) ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l) acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

XX. WAIVERS AND AMENDMENTS OF THE CODE

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code must be approved by the Company's Board of Directors and promptly disclosed on the Company's Website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment or waiver.

XXI. NO RIGHTS CREATED

This Code of Conduct is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and Senior Management of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

Annexure 1

FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF CONDUCT

I have received and read the Company's Code of Conduct. I understand the standards and policies contained in the Company's Code of Conduct and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to comply with the Company's Code of Conduct.

If I have questions concerning the meaning or application of the Company's Code of Conduct, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager or the Company Secretary or Secretarial Department, knowing that my questions or reports to these sources will be maintained in confidence.

Employee Name

Employee No

Signature

Date

Please sign and return this form to the Secretarial Department.

Annexure 2

FORM OF AFFIRMATION OF COMPLIANCE OF CODE OF CONDUCT

I have duly complied with the Code of Conduct for Directors and Senior Management Employees during the financial year_____

Employee Name

Employee No

Signature

Date

Please sign and return this form to the Secretarial Department.