



**PDS LIMITED**

*(Erstwhile PDS Multinational Fashions Limited)*

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS  
AND  
ON DEALING WITH RELATED PARTY TRANSACTIONS**

*(Adopted in the Board Meeting held on January 23, 2015 and further amended on November 13, 2015  
and amendments made effective from December 1, 2015 and further amended on February 14, 2020)*

## **1. PURPOSE**

This policy aims to determine the materiality of Related Party Transactions and to deal with Related Party Transactions.

This policy is framed in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 188 of the Companies Act, 2013 read with Rules made there under and amendments thereon.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

This policy shall be reviewed by the Board of Directors atleast once in three years and/or as and when required and updated accordingly.

## **2. OBJECTIVE**

The SEBI (LODR) Regulations, 2015 mandates formulation of a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This Policy has been framed for complying with this requirement.

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company.

## **3. SCOPE**

This Policy shall be applied in:

- a. Identifying Related Parties, updating and maintaining the database of such persons/entities;
- b. Identifying the Ordinary Course of Business and Arms' Length Transactions in relation to the Company and such persons/entities;
- c. Identifying RPT;

- d. Obtaining approval/ratifications (as the case may be) for entering into any transactions with such persons/entities;
- e. Obtaining disclosures from the Directors who are interested either directly or indirectly in the RPT and refraining such Directors from participating in the discussions related to RPT;
- f. Documenting the Arms' Length pricing of transactions; and
- g. Disclosing these transactions in Annual Report or any such documents as prescribed under the applicable Laws.

#### 4. EFFECTIVE DATE

In the context of the aforesaid objectives, the Board had formulated and adopted Policy on Related Party Transactions at its meeting held on 23<sup>rd</sup> January, 2015. Further, the Board at its meeting held on 13<sup>th</sup> November, 2015 formulated and adopted the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions and this policy substituted with earlier policy and made effective from December 1, 2015. This Policy was amended by the Board at its meeting held on 14<sup>th</sup> February, 2020.

#### 5. DEFINITIONS

- a) **"Act"** means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- b) **"Arm's Length Basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm's Length basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.
- c) **"Audit Committee"** means the Audit Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.
- d) **"Board" or "Board of Directors"** means Board of Directors of PDS Limited.
- e) **"Company"** means PDS Limited

- f) **“Key Managerial Personnel”** means the Key Managerial Personnel of the Company in terms of the Act.
- g) **“Listing Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Company and amendments thereto from time to time.
- h) **“Material Related Party Transaction”** is a transaction with a related party which shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company and a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company
- i) **“Policy”** means the current Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions, including amendments, if any from time to time.
- j) **“Related Party”** means a related party as defined under the Act or the Listing Regulations or the applicable accounting standards and as amended from time to time.
- f) **“Relative” or “Relatives”** means a relative as defined under the Act
- g) **“Transaction”** with a related party shall be construed to include single transaction or group of transactions in a contract.

Note: i) Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act or Listing Regulations shall have the meaning respectively assigned to them therein.

ii) Words imparting the singular shall include the plural and vice versa. Words imparting a gender include every gender.

## 6. APPROVAL OF RELATED PARTY TRANSACTIONS

## **I. Prior Approval of Audit Committee**

All Related Party Transactions shall require prior approval of Audit Committee.

## **II. Omnibus Approval**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions, namely:

- a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in interest of the Company.
- c) Such omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall be entered into,
  - (ii) the indicative base price / current contracted price and formula for variation in the price if any; and
  - (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs. 1 Crore per transaction.

- d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- e) such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

### **III. Shareholders' Approval**

All material related party transactions shall require approval of the shareholders through resolutions and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Requirements of Clause 6 (I) to (III) of this policy shall not apply if transactions entered into between the Company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Shareholder's approval shall be sought in the following cases:

- All the Material Related Party Transactions shall require approval of the shareholders and all entities falling under the definition of related parties shall abstain from voting on such resolution irrespective of whether the entity is a party to the particular transaction or not.

### **7. DISCLOSURE**

This Policy shall be disclosed on the Company's website [www.pdsltd.com](http://www.pdsltd.com) and web link thereto shall be provided in the Annual report of the Company.

### **8. REVIEW / AMENDMENT**

The Board may amend, abrogate, modify or revise any or all clauses of this Policy. Based on recommendation of the Audit Committee.

This Policy was approved by the Board based on the recommendation of the Audit Committee.

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