
PDS LIMITED
PHANTOM STOCK UNITS PLAN 2021

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1. Name, Objective and Term of the PDS PSU 2021

- 1.1 This Scheme shall be called the “PDS Limited – Phantom Stock Units Plan 2021” or “PDS PSU 2021”.
- 1.2 The objective of the PDS PSU 2021 is to reward employees of the Company, its Subsidiaries and its holding company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company views the PDS PSU 2021 as an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share-based compensation scheme/plan.
- 1.3 The PDS PSU 2021 shall continue to be in force until (i) all Units which have been Granted have either been Exercised or have lapsed in accordance with the terms herein; or (ii) all of the Units available for issuance under the PDS PSU 2021 have been issued and Exercised.

2. Definitions and Interpretation

2.1 Definitions

“**Applicable Law**” means any statute, law, regulation, treaties, enactments, ordinance, rule, judgment, order, decree, bye-law or approval, order, rule of common law or judgment of any authority, directive, guideline, policy, requirement, tax directions and tax treaties, listing agreement executed with stock exchanges, authorisation of, from or to any Governmental Authority or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing by, any Governmental Authority having jurisdiction over the matter in question, whether in effect as of the date of this PDS PSU 2021 or at any time thereafter.

“**Appreciation**” means the difference between (A) the Market Price of the Shares of the Company on the date of Exercise of the Units; and (B) the Base Price, which Appreciation shall be passed on by way of cash to the relevant Employee. It is hereby clarified that Appreciation shall be passed to the Employee only if the difference between A and B is a positive integer; and no Appreciation shall be passed to the Employee if the difference between A and B is a negative integer or zero.

“**Board**” means the Board of Directors of PDS Limited.

“**Cause**” means events, in respect of termination of employment of an Employee, as identified in the Terms of Engagement.

“**Companies Act**” means the Companies Act, 2013 along with the rules thereto and includes any statutory modifications or re-enactments thereof.

“**Company**” means PDS Limited, a company having its registered office at Unit no. 971, Solitaire Corporate Park, Ghatkopar Andheri Road, Andheri East-93, India.

“Company Policies” means the policies and procedures established and adopted by the Company in respect of an Employee and this PDS PSU 2021.

“Compensation Committee” means the Nomination and Remuneration Committee of the Board.

“Director” means a member of the Board of the Company.

“Eligibility Criteria” means the criteria as may be determined, from time to time, by the Compensation Committee, for granting the Phantom Stock Units to the Employees.

“Employee” means (i) a permanent employee of the Company working in India or out of India; (ii) a Director of the Company or (iii) an employee, as defined in sub-clauses (i) or (ii) of a Subsidiary of the Company, in India or out of India, or of a holding company of the Company, but excludes – (a) an individual who is a Promoter or belongs to the Promoter Group; (b) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares; and (c) an independent director (within the meaning of the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable).

“Exercise” of Unit means expression of intention by a Unit Grantee to the Company to receive Appreciation in respect of the Units vested in him/her in pursuance of the PDS PSU 2021.

“Exercise Period” means such time period after Vesting within which the Unit Grantee must Exercise the right for receiving Appreciation in respect of the Units vested in him/her pursuant to the PDS PSU 2021.

“Base Price” means the base price determined by the Compensation Committee on the Date of Grant with reference to which Appreciation shall be computed, pursuant to this PDS PSU 2021.

“Grant” means the process by which the Company issues Phantom Stock Units to the Employees, pursuant to the PDS PSU 2021.

“Grant Date/ Date of Grant” means the date on which the Compensation Committee approves the Grant.

“Grant Letter” means a letter of grant issued by the Company to the Unit Grantee notifying it regarding the terms and conditions governing the Grant of Phantom Stock Units to such Unit Grantee.

“Market Price” means the latest available closing price of Shares on a Recognized Stock Exchange on which the Shares of the Company are listed on the date immediately prior to the date of Exercise. It is clarified that if the Shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume on the said date shall be considered as the Market Price.

“PDS PSU 2021” means this PDS Multinational Fashions Limited - Phantom Stock Units Plan 2021.

“Permanent Incapacity” means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Unit Grantee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined in accordance with Company Policies and Terms of Engagement.

“Person” means any natural person, limited or unlimited liability company, body corporate, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, union, association, government or any agency or political subdivision thereof or any other entity that may be treated as a person under Applicable Law.

“Phantom Stock Unit” or **“Unit”** means a right granted to an Employee pursuant to this PDS PSU 2021 entitling the Employee to receive Appreciation in respect of a specified number of Shares of the Company, as set out in the Grant Letter, where the settlement of such Appreciation is made by way of cash payment.

“Promoter” shall have the meaning assigned to it under the Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“Promoter Group” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“Recognized Stock Exchange” means the National Stock Exchange of India Limited (NSE), BSE Limited (BSE), or any other Stock Exchange in India on which the Shares of the Company are listed.

“Retirement” means retirement from employment of the Company, in accordance with the Company Policies or the Terms of Engagement of an Employee.

“Unit Grantee” means an Employee who has been granted a Phantom Stock Unit pursuant to the PDS PSU 2021.

“SEBI Act” means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.

“SEBI ESOP Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and includes all regulations and clarifications issued there under.

“Shares” or **“Equity Shares”** means equity shares of the Company of a face value of *INR 2 each.

“Subsidiary” has the meaning ascribed to it under the Companies Act, 2013.

**The Members of the Company at their Meeting held on August 29, 2022 had approved stock split/ Sub-Division of Equity shares from face value of Rs. 10/- each to face value of Rs. 2/- each.*

“Terms of Engagement” means the terms and conditions applicable in respect of appointment and/or engagement of an Employee with the Company, as set out in the agreements executed with and/or letters issued to the relevant Employee.

“Vest” or **“Vesting”** means the process by which the Employee becomes entitled to receive the benefit of a Grant made to him under the PDS PSU 2021.

“Vesting Condition” means the conditions subject to which the Units Granted would Vest in a Unit Grantee.

“Vesting Period” means the period during which the Vesting of the Unit granted to the Unit Grantee takes place.

“Vested Unit” means a Unit in respect of which the relevant Vesting Conditions have been satisfied and the Unit Grantee has become eligible to Exercise the Unit.

“Unvested Unit” means a Unit in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Unit Grantee has not become eligible to Exercise the Unit.

2.2 Interpretation

In this PDS PSU 2021:

- (a) the words and phrases “other”, “including” and “in particular” shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible, in each case irrespective of whether the words “without limitation” or similar are contained or not in the relevant phrase;
- (b) words of any gender include all genders and words using the singular or plural number also include the plural or singular number, respectively;
- (c) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire PDS PSU 2021 and not to any particular clause, article or section of this PDS PSU 2021;
- (d) headings, sub-headings, titles, subtitles to clauses, sub-clauses and paragraphs are for information only and shall not form part of the operative provisions of this PDS PSU 2021 and shall be ignored for the purpose of interpretation of this PDS PSU 2021;
- (e) unless otherwise specified, references to days, months and years are references to calendar days, calendar months and calendar years, respectively;
- (f) when any number of days is prescribed in this PDS PSU 2021, the same shall be reckoned exclusive of the first and inclusive of the last day. For instance, if the number of days prescribed is 30 (thirty) days from 1 July then the computation of 30 (thirty) days shall commence from 2 July and end on 31 July;

- (g) any grammatical form or variation of a defined term herein shall have the same meaning as that of such term;
- (h) any reference to Applicable Law or any statute or statutory provision shall include: (i) all subordinate legislation made from time to time under such provision or Applicable Law (whether or not amended, modified, re-enacted or consolidated); and (ii) such Applicable Law, statute or provision as may be amended, modified, re-enacted, replaced or consolidated; and
- (i) any reference to 'writing' shall include printing, typing, transmissions by facsimile or in electronic form (including e-mail) and other means of reproducing words in visible and legible form, but excluding text messaging via mobile phones, social media platforms and messenger applications.

3. Authority

- 3.1 Under this PDS PSU 2021, the Compensation Committee is authorized to issue to the Employees, such number of Units at such Base Price, in one or more tranches and on such terms and conditions, as may be determined by the Compensation Committee in accordance with the provisions of this PDS PSU 2021 and all other Applicable Laws. The total number of Units that may be granted in aggregate shall not exceed 1,72,283. The maximum number of Units that may be granted per Eligible Employees shall be determined by the Compensation Committee in accordance with the conditions prescribed under applicable law and the PDS PSU 2021.
- 3.2 If a Phantom Stock Unit expires or becomes un-exercisable in accordance with the terms of this PDS PSU 2021, it shall become available for future Grants, subject to compliance with all Applicable Laws. The Compensation Committee will have powers to re-Grant such Units.
- 3.3 Notwithstanding anything to the contrary contained herein, it is hereby clarified that this PDS PSU 2021 does not grant any Person the right to subscribe, purchase, sell or deal in the Shares of the Company, whether directly or indirectly, in any manner.

4. Administration

- 4.1 The PDS PSU 2021 shall be administered by the Compensation Committee. All questions of interpretation of the PDS PSU 2021 shall be determined by the Compensation Committee and such determination shall be final and binding upon all Persons having an interest in the PDS PSU 2021.
- 4.2 The Compensation Committee shall in accordance with this PDS PSU 2021 and Applicable Laws determine the following:
 - (a) the quantum of Phantom Stock Units to be granted under the PDS PSU 2021 per Employee, subject to the ceiling as specified under clause 13.1;
 - (b) the Eligibility Criteria;

- (c) the procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues and other corporate actions;
- (d) the procedure and terms for the Grant, Vesting and Exercise of Phantom Stock Units in case of Unit Grantees;
- (e) the forms, writings and/or agreements for use in pursuance of the PDS PSU 2021; and
- (f) suitable policies and procedures to ensure that there is no violation of Applicable Law by either the Company or any of its Employees, as applicable, in respect of the PDS PSU 2021.

5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Phantom Stock Units under the PDS PSU 2021. The specific Employees to whom the Units would be Granted and their Eligibility Criteria would be determined by the Compensation Committee.
- 5.2 The Unit shall be Granted to the relevant eligible Employee through the Grant Letter, which would identify, *inter alia*, the number of Units Granted, Vesting period, Vesting Conditions, Base Price and the Exercise Period.

6. Vesting Schedule / Conditions

- 6.1 Units granted under PDS PSU 2021 would Vest, no earlier than 1 (one) year from the Date of Grant (or such shorter period as permitted under Applicable Law) and no later than 4 (four) years from the Date of Grant of such Units.
- 6.2 The Compensation Committee may also specify certain Vesting Conditions pursuant to which the Units would Vest with the relevant Employee. The specific Vesting schedule and Vesting Conditions would be determined by the Compensation Committee and identified in the Grant Letter issued to the Unit Grantee.

7. Exercise

- 7.1 The Base Price in respect of the Units shall be determined by the Compensation Committee and shall be notified to the Unit Grantee in the Grant Letter, provided, however, that the Base Price shall not be less than the face value of the Equity Shares of the Company as on the Date of Grant or such other minimum price required by Applicable Law.
- 7.2 Upon exercise of a Phantom Stock Unit, the Unit Grantee shall be entitled to receive distribution from the Company of an amount in cash (calculated in INR) equal to the aggregate Appreciation in respect of the number of Shares specified in the Grant Letter.
- 7.3 Subject to clause 7.6, in case the Market Price is equal to or less than the Base Price, then the Unit Grantee shall not be allowed to Exercise his/her Vested Units.

- 7.4 The Appreciation with respect to the Exercised Units shall be paid to the Employees by way of a crossed cheque or a demand draft drawn or through electronic funds transfer or wire transfer in favour of the relevant Employee, or in such other manner as the Compensation Committee may permit, provided the Company shall have the right to deduct or withhold from the Appreciation any amounts that may be required under Applicable Law.
- 7.5 The Exercise Period in respect of the Phantom Stock Units shall be determined by the Compensation Committee and shall not be more than 4 (four) years from the date of Vesting of the Units.
- 7.6 The Units shall Vest and be Exercised in accordance with the provisions highlighted below:

<i>Event</i>	<i>Vested</i>	<i>Unvested</i>
While in employment	Can be Exercised within 4 (four) years from the date of Vesting of Units.	The Units would Vest as per the vesting schedule set out in the Grant Letter.
Resignation / Termination of employment other than due to Cause	All the Vested Units as on the date of submission of resignation / termination shall be exercisable by the Unit Grantee on or prior to expiry of 6 (six) months from his last working day with the Company or Subsidiary or holding company, as the case may be.	All Unvested Units on the date of submission of resignation / termination shall stand cancelled with effect from that date.
Termination due to Cause	The Compensation Committee will decide whether the Vested Units as on that date can be Exercised by the Unit Grantee or not, and such decision shall be final.	All Unvested Units on the date of submission of resignation / termination shall stand cancelled with effect from that date.
Retirement	All Vested Units can be Exercised by the Unit Grantee immediately after, but in no event later than 6 (six) months from the date of such Retirement.	All Unvested Units will stand cancelled as on the date of such Retirement.
Death	All Vested Units may be Exercised by the Unit Grantee's nominee immediately after, but in no event later than 6 (six) months from the date of Death.	All the Unvested Units as on the date of death shall Vest immediately and may be Exercised by the Unit Grantee's nominee immediately after, but in no event later than 6 (six) months

<i>Event</i>	<i>Vested</i>	<i>Unvested</i>
		from the date of Death.
Termination due to Permanent Incapacity	All Vested Units may be Exercised by the Unit Grantee or, in case of his death, or inability to Exercise due to such incapacity, the nominee immediately after, but in no event later than 6 (six) months from the date of such incapacity.	All the Unvested Units as on the date of such permanent incapacity shall Vest immediately and can be Exercised by the Unit Grantee or, in case of his death, or inability to Exercise due to such incapacity, the nominee immediately after, but in no event later than 6 (six) months from the date of termination of employment of the Unit Grantee.
Other Reasons Apart from those mentioned above	The Compensation Committee will decide whether the Vested Units as on that date can be Exercised by the Unit Grantee or not, and such decision shall be final.	All Unvested Units on the date of separation shall stand cancelled with effect from that date.

7.7 The Units not Exercised within the Exercise Period prescribed above shall lapse and the Unit Grantee shall have no right over such lapsed or cancelled Units.

8. Other Terms and Conditions

8.1 Nothing herein is intended to or shall give the Unit Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant.

8.2 The Units shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

8.3 Neither the PDS PSU 2021 nor any Unit shall (i) confer upon any Unit Grantee any right with respect to continuing his relationship as an Employee of the Company or the Subsidiary or the holding company, as the case may be, (ii) interfere in any way with the Employee's right to terminate such relationship at any time, or (iii) prevent the Company or the Subsidiary or the holding company (as the case may be) from suspending, terminating, retrenching or initiating any disciplinary proceedings against such Employee.

8.4 Subject to clause 7.6, Phantom Stock Units shall not be transferable to any Person.

8.5 Subject to clause 7.6, no Person other than the Unit Grantee to whom the Unit is Granted shall be entitled to Exercise the Phantom Stock Unit.

8.6 This PDS PSU 2021 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from governmental authorities, if any and to the extent required.

9. Taxation

9.1 The liability of paying taxes, if any, on the Units Granted pursuant to this PDS PSU 2021 shall be entirely on the Unit Grantee.

9.2 In the event of any tax liability arising on account of the PDS PSU 2021 to the Company and/or the Subsidiaries or the holding company, including any tax liability arising on account of the applicable fringe benefit tax paid or payable by the Company and/or the Subsidiaries or the holding company in respect of the Vesting, Exercise, release, or cancellation of the Units Granted by the Company, the Company, the Subsidiary or the holding company (as the case may be) shall have the right to collect the same from the Employees. In this regard, the Company may require security for such reimbursement of taxes as a precondition to Exercise of any Unit to the Unit Grantee.

9.3 The Company shall have the right (and cause its relevant Subsidiary or holding company) to deduct from the Unit Grantee's salary, or from any payment of the Appreciation, any of the Unit Grantee's tax obligations arising in connection with the Phantom Stock Units.

9.4 Upon Exercise of Units by a Grantee, the Company shall have no obligation to make the cash distribution until the tax deduction obligations of the Company or the Subsidiary or the holding company, as the case may be, have been satisfied by the Employee in accordance with Applicable Law.

10. Authority to vary terms

The Board/ Compensation Committee may, at any time, vary the terms of the PDS PSU 2021 or any of the Grant Letters, provided that such amended terms shall not be detrimental to the interests of the Employees or Unit Grantees. Provided further that the Board/ Compensation Committee shall be entitled to vary the terms of the PDS PSU 2021 in order to comply with Applicable Law.

11. Accounting Policy

11.1 The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein, in compliance with all Applicable Laws.

- 11.2 The Board shall at each annual general meeting place before the shareholders of the Company a certificate from the auditors of the Company that the PDS PSU 2021 has been implemented in accordance with all Applicable Laws and in accordance with the resolution of the Company in the general meeting.

12. Re-pricing

- 12.1 The Compensation Committee is authorised to re-price the Units which are not Exercised, whether or not they have been Vested, if the Units are rendered unattractive due to a fall in the price of the Shares in the market.
- 12.2 Such re-pricing shall be applicable to all outstanding Units which are Granted on the specific Date of Grant.
- 12.3 Such re-pricing shall not be detrimental to the interests of the Employees.

13. Miscellaneous

- 13.1 The PDS PSU 2021 shall not:
- (a) be construed as affording an Employee any additional right as to compensation or damages in consequence of the termination of his or her employment for any reason; and
 - (b) confer on any Employee, either directly or indirectly, any legal or equitable rights against the Company and/or its Subsidiaries or the holding company, or give rise to any cause of action in law or equity against the Company and/or its Subsidiaries or the holding company.
- 13.2 Any notice or other communication under or in connection with the PDS PSU 2021 may be given: (a) by personal delivery, in the case of the Company to its registered office, and in the case of an individual at its address as maybe notified by such Person (in writing) from time to time; (b) in an electronic communication to its address as notified by such Person (in writing) from time to time; and (c) by pre-paid registered mail with acknowledgment due or through an internationally recognised courier service addressed to the relevant Person at its address as maybe notified by such Person (in writing) from time to time.
- 13.3 The PDS PSU 2021 and the Grant Letter shall be governed by the laws of India. Subject to clause 13.4, the courts of Mumbai shall have the exclusive jurisdiction in respect of all disputes arising out of or in connection with the PDS PSU 2021 and the Grant Letter.
- 13.4 Any dispute arising out of or in connection with PDS PSU 2021 and the Grant Letter including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in accordance with the arbitration rules of the Mumbai International Arbitration Centre (“MCIA Rules”) in force at the date of applying for arbitration, which rules are deemed incorporated by reference in this clause. The number of arbitrators shall be one and shall be appointed in accordance with the MCIA Rules. The language of the arbitration shall be English. The seat and venue of arbitration shall be Mumbai.

- 13.5 The Unit Grantee must keep the details of the PDS PSU 2021 and all other documents in connection thereto strictly confidential and must not disclose the details to any other Person, provided that, the aforesaid restrictions shall not apply in case of information which: (a) is required to be disclosed under Applicable Law, or (b) is disclosed after obtaining the consent of the Company.
- 13.6 In the event any one or more of the provisions contained in this PDS PSU 2021 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this PDS PSU 2021 , but this PDS PSU 2021 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the PDS PSU 2021 shall be carried out as nearly as possible according to its original terms and intent.