



PACE DIGITEK LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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Contents

1. Introduction 3

2. Definitions 3

3. Corporate governance requirements with respect to subsidiaries 4

4. Disclosure 5

5. Review and Amendments 5

1. Introduction

The policy for determining 'Material Subsidiaries' ("**the Policy**") has been framed in accordance with explanation to Regulation 16(1)(c) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**SEBI Listing Regulations**") to determine the Material Subsidiaries (Unlisted) of the Company and to provide the governance framework for such subsidiaries.

The Board of Directors (the "**Board**") of Pace Digitek Limited (the "**Company**") has adopted the following policy and the Board may amend this policy from time to time. In the event of any conflict between the terms of this Policy and any provision in any applicable law including the Companies Act, 2013 or the SEBI Listing Regulations, the provisions in such applicable law shall prevail.

2. Definitions

- 2.1 "**Act**" means the Companies Act, 2013 including any statutory modifications or re-enactment thereof.
- 2.2 "**Audit Committee**" means Audit Committee constituted by the Board under Section 177 of the Act read with Regulation 18 of the SEBI Listing Regulations, as amended from time to time.
- 2.3 "**Board**" means the Board of Directors of Pace Digitek Limited, as constituted from time to time.
- 2.4 "**Company**" means Pace Digitek Limited.
- 2.5 "**Company Secretary and Compliance Officer**" means Company Secretary and Compliance Officer appointed by the Board.
- 2.6 "**General Meeting**" means a duly convened, held and conducted Meeting of Members.
- 2.7 "**Independent Director**" means a independent director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the SEBI Listing Regulations.
- 2.8 "**Material Subsidiary**" shall mean a subsidiary (unlisted), whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 2.9 "**Net Worth**" means net worth as defined under section 2(57) of the Act.
- 2.10 "**SEBI Listing Regulations**" means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 2.11 "**Subsidiary**" means subsidiary company as defined under Section 2(87) of the Act.
- 2.12 "**Significant Transactions and/or Arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenues or total expense or total assets or total liabilities, as the case maybe, of the Unlisted Subsidiary for the immediately preceding accounting year.
- 2.13 "**Unlisted Subsidiary**" means a Subsidiary of the Company whose shares are not listed on any stock exchange.

Any other term used but not defined herein shall have the same meaning as defined in the Act or rules made thereunder, the SEBI Listing Regulations, applicable Accounting Standards as amended from time to time or any other law or regulation applicable to the Company.

Applicability:

A subsidiary shall be a material subsidiary if any of the following conditions are satisfied:

- the net worth of the subsidiary exceeds 10 per cent of the consolidated net worth of Company and its subsidiaries in the immediately preceding accounting year; or
- the income of the subsidiary exceeds 10 per cent of the consolidated income of Company and its subsidiaries in the immediately preceding accounting year.”

3. Corporate governance requirements with respect to subsidiaries

3.1 A list of all subsidiaries together with the details of the materiality defined herein shall be submitted to the Audit Committee for review of the same and suitable recommendations to the Board.

At least one Independent Director on the Board of the Company shall be a director on the board of an unlisted Material Subsidiary, whether incorporated in India or not.

Notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations, 2015, for the purpose of appointment of an Independent Director, “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3.2 The Audit Committee of the Company shall review on an annual basis the financial statements in particular, the investments made by the unlisted Material Subsidiary.

3.3 The minutes of the Board meetings of Unlisted Subsidiary shall be placed at the Board meeting of the Company.

3.4 The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all Significant Transactions and/or Arrangements entered into by the Unlisted Subsidiary;

3.5 The Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%, or cease the exercise of control over the subsidiary, without passing a special resolution in its General Meeting, except in cases where such disinvestment is made under a scheme of arrangement duly approved by the Court/ Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

3.6 The Company shall not sell, dispose or lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of special resolution, unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

3.7 Where the Company has a listed subsidiary, which is itself a holding company, the policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

3.8 All unlisted Material Subsidiaries of the Company incorporated in India shall undertake secretarial audit and annex secretarial audit report given by a company secretary in practice, in such prescribed format with the annual report of the Company.

3.9 The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company, in accordance with Regulation 30(9) of the SEBI Listing Regulations.

4. Disclosure

The Company shall disclose in its Board's report details of this Policy as required under Act and Regulation 46(2) of the SEBI Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's Report.

5. Review and amendments

In the event of any conflict between the Companies Act, 2013 or the SEBI Listing Regulations or any other statutory enactments and the provisions of this Policy, the Regulations shall prevail over this Policy and the provisions in the Policy would be modified in due course to make it consistent with law by Company Secretary and Compliance Officer and the updated version be issued and published as necessary, without any requirement for approval from the Board.

Any subsequent amendment/modification in the Act or the Rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard, the statutes would prevail over the Policy and shall automatically apply to this Policy.

Further, the policy has been approved by the Board of Directors of the Company and the policy would be reviewed periodically by the Audit Committee. The Board and/or Audit Committee may reserve its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.

