



**PACE DIGITEK LIMITED**

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

**REGULATION 23(1) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE  
REQUIREMENTS) REGULATIONS, 2015**

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1.0	Board of Directors	01 <sup>st</sup> February, 2025	-

**Contents**

**1. Introduction ..... 3**

**2. Definitions ..... 3**

**3. Objective ..... 5**

**4. Identification of Related Party ..... 5**

**5. Identification of Related Party Transaction(s)..... 5**

**6. Omnibus approval by the Audit Committee ..... 6**

**7. Prior approval of the Related Party Transactions..... 7**

**8. Disclosure and Reporting..... 10**

**9. Review and Amendments ..... 10**

## **1. Introduction**

Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), requires every listed company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board. Regulation 23(2) requires the Audit Committee to define material modification and disclose it as a part of the Policy.

The Board of Directors (“the Board”) of Pace Digitek Limited (“Company”) has formulated and adopted the following policy with the objective of regulating the related party transactions and ensuring compliance with the provisions stipulated in the Companies Act, 2013 (“Act”) and the SEBI Listing Regulations. In the event of any conflict between the terms of this Policy and any provision in an applicable law including the Act or SEBI Listing Regulations, the provisions in such applicable law shall prevail.

## **2. Definitions**

- 2.1. "Accounting Standards"** means accounting standards as prescribed by under Section 133 of the Act.
- 2.2. "Act"** means Companies Act, 2013, together with rules framed thereunder and includes any amendments thereof.
- 2.3. "Arm's Length Transaction"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 2.4. "Audit Committee" or "Committee"** means the Audit Committee of the Board constituted in accordance with the Act and SEBI Listing Regulations.
- 2.5. "Board of Directors" or "Board"** means the Board of Directors of Pace Digitek Limited, as constituted from time to time as per the Act and SEBI Listing Regulations .
- 2.6. "Compliance Officer"** means the Company Secretary and Compliance Officer appointed by the Board."
- 2.7 Key Managerial Personnel (KMP)** means persons as defined in section 2(51) of the Act, as amended from time to time.
- 2.8 "Material Transaction"** as per the Listing Regulations and Companies (Meetings of Board and its Powers) Rules, 2014:
  - a. If the transaction / transactions to be entered into individually or taken together with previous transactions to be entered individually or to be taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company whichever is lower.
  - b. As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, relating to the threshold limits for determining the materiality of transaction(s).
- 2.9 "Materiality Threshold"** means limits for related party transactions beyond which approval of the shareholders' as specified in Act and rules thereof and amendments thereto will be required.
- 2.10 "Material Modification"** shall mean any modification with respect to the following:

Any modification to an existing Related Party Transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/ Board/ Shareholders, as the case may be.
- 2.11 "Material Related Party Transaction"** means a transaction/contracts with a related party where the transaction(s) to be entered into individually or taken together with previous transactions with a related party during a financial year, exceeds ₹ 1,000 crore or ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company, whichever is lower.

Notwithstanding the foregoing, 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.”

**2.12 “Policy”** shall mean this policy on materiality of and dealing with Related Party Transactions.

**2.13 “Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- historical practice with a pattern of frequency;
- common commercial practice;
- meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.

**2.14 “Related Party”** shall have the same meaning as defined in Regulation 2(zb) of the SEBI Listing Regulations read with Section 2(76) of the Act or under applicable accounting standards.

**2.15 “Related Party Transaction” or “RPT”** in relation to the Company means a transaction with a related party as defined in 2 (1) (zc) of the SEBI Listing Regulations and under the relevant provisions of the Act or any relevant Indian Accounting Standards, as amended from time to time.

**2.16 “Relative”** means any person as per Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the SEBI Listing Regulations as amended from time to time, means anyone who is related to another, if:

- a. They are members of a Hindu Undivided Family; or
- b. They are husband or wife; or
- c. One person is related to the another in the following manner, namely:
  - Father, includes stepfather;
  - Mother, includes stepmother;
  - Son includes stepson;
  - Son's wife;
  - Daughter;
  - Daughter's husband;
  - Brother includes stepbrother;
  - Sister includes stepsister.

**2.17 “Subsidiary”** means a subsidiary as defined in regulation 2(zm) of the SEBI Listing Regulations;

**2.18 “SEBI Listing Regulations”** means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.

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.

### **3. Objective**

- 3.1 Identification of the Related Party;
- 3.2 The materiality threshold for Related Party Transactions;
- 3.3 The manner of dealing with the transaction between the Company and its Related Parties based on the Act, SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

All Related Party Transactions should be referred to the Audit Committee of the Company for prior approval. The Audit Committee shall also approve any subsequent modifications of related party transactions. The Audit Committee may also grant omnibus approval for certain category of transactions, which shall be valid for a period not exceeding one financial year and shall require fresh approval for the next financial year.

### **4. Identification of Related Party**

- 4.1 The Related Party of the Company shall be identified and ascertained in light of the aforementioned definition of the Related Party.
- 4.2 Every Board and KMP of the Company shall be responsible for providing a list of his / her Related Party to the Company. The disclosure shall be submitted to the Company (i) at the time of appointment of such person to office; (ii) at the first meeting of the Board held in every financial year, and (iii) whenever there is any change in the disclosures already made, then at the first Board meeting held after such change.
- 4.3 The Board shall take note of such disclosures and maintain database of Company's Related Parties.
- 4.4 Any questions as to whether a person is a Related Party or not shall be determined by the Committee.
- 4.5 The Compliance Officer shall maintain a database of Company's Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

### **5. Identification of Related Party Transaction(s)**

- 5.1 The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:
  - Name of party and details explaining nature of relationship;
  - Duration of the contract and particulars of the contract and arrangement;
  - Nature of transaction and material terms thereof including the value, if any;
  - Manner of determining the pricing to ascertain whether the same is on arm's length;
  - Business rationale for entering into such transaction; and
  - Any other information relevant or important for the Board to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Audit Committee will consider following factors, among others, to the extent relevant to Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party.
- Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- Whether the Related Party Transaction would affect the independence of an independent director.

- Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company.
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.

## **6. Omnibus approval by the Audit Committee**

6.1 The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company and/or subsidiaries subject to the following condition, namely-

6.1.1 The Audit Committee shall specify the criteria for granting the omnibus approval of Related Party Transactions in line with the Policy and such approval shall be applicable in respect to transactions which are repetitive in nature;

6.1.2 The Audit Committee shall satisfy itself regarding the need for such omnibus approval in the interest of the Company and/or subsidiaries;

6.1.3 The criteria for granting the omnibus approval shall include the following:

- The maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- the maximum value per transaction which can be allowed;
- extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- transactions which cannot be subject to omnibus approval by the Audit Committee.

6.1.4 The omnibus approval shall specify:

- the name(s) of the related party, nature of transaction, duration/period of transaction, maximum amount of transaction that can be entered into,
- the indicative base price / current contracted price and the formula for variation in the price, if any; and
- such other conditions as the Audit Committee may deem fit.

Further, where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees one (1) Crore per transaction.

6.1.5 The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company and/or subsidiaries pursuant to omnibus approvals given.

6.1.6 Such omnibus approvals shall be valid for a period not exceeding one (1) year and shall

require fresh approvals after the expiry of one (1) year.

### **7. Prior approval of the related party transactions**

All RPTs and any subsequent Material Modifications shall require prior as per the details set out in table below:

S No	Regulation/ Section	Approval by	Transaction
1	Regulation 23(2) of SEBI Listing Regulations	<p><b>Audit Committee</b></p> <p>(Only those members of the audit committee, who are independent directors, shall approve Related Party Transactions)</p>	<p>All RPTs and any subsequent Material Modifications shall be undertaken only after prior approval of the Audit Committee.</p> <p>Prior approval of the Audit Committee shall not be required for a related party transaction to which any listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.</p> <p>Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.</p> <p>The Audit Committee shall be provided with requisite information for approval of each Related Party Transaction.</p> <p>An RPT to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company.</p>

			with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
2	Section 188(1) of the Act and Regulation 23(4) of the SEBI Listing Regulations	<b>Board of Directors</b> (Where any director is interested (Interest as defined under Section 184 of the Act) in any contract or arrangement with a related party, such director shall not participate in discussions on the subject matter during the meeting relating to such contract or arrangement and shall not vote on the item of business)	<p>All RPTs within the scope of Section 188 of the Act, which are not in the ordinary course of business and not at an arm's length shall require prior approval of the Board.</p> <p>In addition, the following RPTs shall also be placed before the Board for approval:</p> <ul style="list-style-type: none"> <li>• Material Related Party Transactions and any subsequent material modifications to a Related Party Transactions, which are intended to be placed before the shareholders for approval.</li> <li>• All other RPTs as referred by the Audit Committee from time to time.</li> </ul> <p>Information in such form and manner as prescribed in the Act and/or SEBI Listing Regulations shall be provided to the Board.</p>
3	Section 188(1) of the Act, and Regulation 23(4) of the SEBI Listing Regulations	<b>Shareholders</b> (No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not)	All Material Related Party Transactions and any subsequent Material Modifications to Related Party Transactions, shall require prior approval of Shareholders. through resolution and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not. Prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which any listed subsidiary of the Company is a party but the listed entity is not a party, if regulation 23 and sub-



			<p>regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.</p> <p>However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.</p> <p>Transactions covered within the scope of Section 188 of the Act, which are not in the ordinary courses of business and also not on arm's length basis and exceeds the threshold under Section 188 of the Act shall require prior approval of the shareholders.</p> <p>The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.</p> <p><b>Exemptions</b></p> <p>The approval of shareholders will not be required for transactions entered into between</p> <ul style="list-style-type: none"> <li>(a) the Company and its wholly owned Subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or</li> <li>(b) two or more wholly owned Subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.</li> </ul>
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**Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of an RPT that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

In the event any director, KMP, any other officer or the Company becomes aware of any Related Party Transaction that is in deviation of this Policy and/or has not been approved under this Policy prior to its consummation, such person shall promptly notify the matter to the Company Secretary of the Company who shall ensure that the same is placed before the Audit Committee/ Board of Directors (as applicable) at the earliest but not later than 3 months of the transaction subject to the transaction

amount not exceeding Rs. 1 Cr.

In case the Audit committee decides to ratify the RPT, only those members of the Audit Committee who are Independent Directors, shall ratify the RPT within three months from the date of the transaction subject to the following conditions: (i) the value of the ratified transaction(s) with a Related Parties, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore; (ii) the transaction is not a Material RPT; (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification; (iv) the details of ratification shall be disclosed along with the disclosures of RPTs submitted to stock exchange; (v) any other condition as specified by the Audit Committee:

The post facto approval / ratification granted by the Audit Committee, the Board and / or shareholders shall not be deemed to violate this policy and the said transaction would not be invalid or unenforceable.

In case the Audit Committee/Board (as applicable) determines not to ratify any such RPT, it may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the Related Party or the Company etc.

#### **8. Disclosure and Reporting**

- Every contract or arrangement which is required to be approved by the Board / shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- The details of material transactions with Related Parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by the Board from time to time and publish the same on its website. The Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

The Policy shall be uploaded on the Company's website and a web link of the same shall be provided in the Annual Report of the Company.

#### **9. Review and Amendment**

In the event of any conflict between the Act 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.

The Policy shall be reviewed by the Board at least once every three years and/or as and when required and/or recommended by the Audit Committee and updated accordingly.

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