



PACE DIGITEK LIMITED

**POLICY FOR OPERATING GUIDELINE FOR DETERMINATION OF
LEGITIMATE PURPOSE.**

**Under Regulation 3(2A) of Securities and Exchange Board of India (Prohibition of
Insider Trading) Regulations, 2015**

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1. Background

- 1.1 The Company shares data or information with various stakeholders like organizations, agencies, institutions, intermediaries, establishments, persons, etc., during the course of its business operations. Such unpublished data or information, if made publicly available may materially impact the market price of the listed securities of the Company. If such persons trade on the basis of unpublished price sensitive information ('UPSI'), it could result in an undue advantage to such persons. The trading in the securities of the Company by an insider is governed by and subject to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('Regulations') as amended from time to time and the "The Pace Digitek Code of Conduct to regulate, monitor and report trading by its employees and other connected persons" and Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information ('Code').
- 1.2 This "Policy on Determination of Legitimate Purpose" ('Policy') is framed by the Board of Directors of the Company pursuant to the amendment in the Regulations, in 2018 and is part of "The Pace Digitek Code of Conduct to regulate, monitor and report trading by its employees and other connected persons" and Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information ('Code').**(Regulation 3(2A) and 3(2B))**

2. Scope

These Operating Guidelines shall cover sharing of any unpublished price sensitive information ("UPSI") in ordinary course of business with existing or proposed partners, collaborators, lenders, distributors, customers, suppliers, merchant bankers, legal advisors, insolvency professionals or other advisors or consultants engaged or appointed by the Company or for any other genuine or reasonable or bona fide purpose with any person (including the Promoter).

3. Definitions

The definitions of some of the key terms used in the Policy for Determination of Legitimate Purpose are below. Capitalized terms not defined herein shall have the meaning assigned to them under the Code of Conduct for Prevention of Insider Trading and Code for Corporate Disclosure Practices/Regulations.

- i) **"Board of Directors" or "Board"**, means the board of directors of Pace Digitek Limited.
- ii) **"Code of Fair Disclosure" or "Code"** means this code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information formulated by the Company and as amended from time to time.
- iii) **"Company"** means **Pace Digitek Limited**.
- iv) **"Connected Person"** means Connected Person as defined under Regulations and shall also include directors and key managerial personnel of the promoters.

- v) "**Compliance Officer**" means any Chief Financial Officer of the Company or any other senior officer designated by Board, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the SEBI PIT Regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information (UPSI), monitoring of trades and the implementation of the codes specified in these SEBI PIT under the overall supervision of the Board the Company. The term 'financially literate' shall bear the meaning as defined under the SEBI PIT Regulations.
- vi) "**Designated Persons**" shall include:
- Promoter & Promoter Group of the Company
 - Members of the Board of the Company
 - Key Managerial Personnel and Senior Management who shall have the same meaning as defined under Regulation 16(1)(d) of SEBI Listing Regulations.
 - Employees of the Company and its material subsidiaries based on their functional role including but not limited to corporate finance, controllership, human resource, legal, treasury, marketing, sales, secretarial department, information technology department and any other departments, as deemed necessary in the opinion of the Compliance Officer;
 - Employees of material subsidiaries of the Company designated based on their functional role or access to UPSI in the organization by their Board of Directors;
 - Any support staff of the Company, such as information technology staff or secretarial staff, legal staff, finance staff or strategy staff who have access to UPSI;
 - Such other persons as may be identified by the Compliance Officer on a case to case basis; who could be reasonably expected to have access to UPSI relating to the Company.
- vii) "**Generally available information**" means information that is accessible to the public on a non-discriminatory basis is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available. Information relating to the Company published on the website of stock exchanges or the Company's website shall ordinarily be considered as generally available information.
- viii) "**Insider**" means any person who is
a Connected Person or
in possession of or having access to Unpublished Price Sensitive Information.
- ix) "**Promoter**" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- x) "**Unpublished Price Sensitive Information ("UPSI")**" means any information, relating to a Company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:
- i. financial results,
 - ii. dividends;
 - iii. change in capital structure;
 - iv. mergers, de-mergers, acquisitions, delisting, disposals, expansion of business;

- v. Changes in key managerial personnel and such other transactions; and
- vi. It is clarified that UPSI is not restricted to information regarding the events mentioned above and may include direct or indirect information relating to the Company or its securities.

4. **Legitimate Purpose**

Communication of UPSI pursuant to Legitimate Purpose

“Legitimate Purpose” shall include sharing of UPSI in the ordinary course of business, on a need-to-know basis, by an Insider with:

- (i) Designated persons;
- (ii) Partners;
- (iii) Collaborators;
- (iv) Lenders;
- (v) Customers;
- (vi) Suppliers;
- (vii) Merchant bankers;
- (viii) Legal advisors;
- (ix) Auditors;
- (x) Insolvency professionals;
- (xi) Other advisors or consultants;
- (xii) Credit rating agencies;
- (xiii) Bankers;
- (xiv) Any such other Person identified by CEO/CFO in consultation with the Compliance Officer on the basis of their functional role;

provided that such sharing has not been carried out to evade or circumvent the prohibition of the Insider Trading Regulations.

To illustrate, procuring /sharing of information in the ordinary course of business for the purpose of consolidation of accounts would be considered as Legitimate Purpose.

An Insider shall not share UPSI with any person including other Insider(s) except where such communication is in the ordinary course of business or on a need-to know basis and in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. An Insider before sharing UPSI with any other person shall notify him/her that the information is UPSI and to maintain confidentiality of the same. Further, the Insider shall get a Confidentiality Agreement executed by the recipient of UPSI and forward the same to the Compliance Officer. Designated Persons, who are employees and Directors and bound by the terms of the Code of Conduct in their capacity as employees or Directors, respectively, need not separately execute a Confidentiality Agreement.

In the following cases which are illustrative in nature, sharing of UPSI would be considered as legitimate purpose:

- i. For investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized by law;
- ii. Under any proceedings or pursuant to any order of courts or tribunals;
- iii. As part of compliance with applicable laws, regulations, rules and requirements;

- iv. Arising out of any contractual obligations or arrangements entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking;
- v. Arising out of business requirement including requirement for the purposes of promoting business of the Company, strategies of business, statutory consolidation requirements or related customary disclosure obligations which may require sharing of UPSI with any outsider or Promoter of the Company, who in turn may share it with their Promoter(s) as well as with their advisors, consultants, intermediaries, fiduciaries, etc.

The provisions of this Policy for Determination of Legitimate Purpose have to be read along with the Regulations, as amended from time to time and in case of any inconsistency/contradiction between the two, the provisions of the Regulations shall prevail.

5. Conditions for sharing of UPSI

Any person in receipt of UPSI pursuant to a “Legitimate Purpose” shall be considered an “insider” for purposes of this Code and due notice shall be given to such persons which would inter alia include the following:-

- (i) The information shared is in the nature of UPSI.
- (ii) To maintain confidentiality of such UPSI and not to disclose such UPSI except in compliance with Insider Trading Regulations.
- (iii) Not to trade in securities of the Company while in possession of UPSI.
- (iv) The recipient shall obtain the Company’s prior written consent in case the information provided to such recipient is to be used by such recipient for a purpose other than the Legitimate Purpose for which the Company had provided the UPSI and such other purpose is also a Legitimate Purpose.

6. Trading when in possession of UPSI

When a person who has traded in securities has been in possession of UPSI, his trade(s) would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

7. Maintenance of Digital Database

The Company shall maintain a structured digital database of the persons with whom UPSI is shared, as required under the Insider Trading Regulations. The database shall inter alia contain the names of the persons or entities with whom the information is shared under the Insider Trading Regulations along with the Permanent Account Number (“PAN”) or any other identifier authorized by law where PAN is not available.

8. Penalties and Fines applicable in case of violation of the Policy

Any sharing of UPSI, other than in compliance with the Policy and the Insider Trading Regulations, would be construed as a violation. The onus lies on the insider to prove to the contrary. In case of any violation of this Policy, disciplinary action would be taken by the Company. The Company shall also inform SEBI about the violation.

9. Policy Adherence Responsibility

The responsibility for adherence to this Policy vests entirely with the person who is sharing UPSI as well as the recipient of the UPSI.

