Panama Petrochem Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

TITLE:

This Policy shall be called 'Policy for determining Material Subsidiaries'.

COMMENCEMENT:

This Policy shall come into effect from 1st October 2014.

OBJECTIVE:

a. This Policy is framed in accordance with the requirement of revised clause 49 of the listing agreement (including any amendments thereof) to be effective from 1st October 2014 and is intended to ensure governance of material subsidiary companies.

b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

DEFINITIONS:

a. "Board" means the Board of Directors of Panama Petrochem Limited.

b. "Company" means Panama Petrochem Limited.

c. "Policy" means this Policy, as amended from time to time.

POLICY:

a. A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty percent of the consolidated income of the Company during the previous financial year.

b. A "material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

AMENDMENTS:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.

****